

1 SB427

2 33084-13

ACT No. 2001-702

3 By Senators Clay, Bedford, Dial, Steele, Langford, Armistead,
4 Enfinger, Smitherman, McClain, Preuitt, Roberts, Mitchem,
5 Barron, Means, Escott-Russell, Little (Z), and Denton

6 RFD: Banking and Insurance

7 First Read: 15-MAR-2001



Enrolled, An Act,

Relating to insurance regulation; to amend Sections 27-7-1, 27-7-2, 27-7-4, 27-7-5, Sections 2 and 3 of Act 2000-690, now appearing as Section 27-7-5.1, and Sections 27-7-14, 27-7-17, 27-7-19, 27-7-23, 27-7-24, 27-7-28, 27-7-29, 27-7-30, 27-7-33, 27-7-34, 27-7-35, 27-7-36, 27-5A-2, 27-6A-2, 27-6A-3, 27-6A-4, 27-6A-5, 27-8A-1, 27-8A-2, 27-8A-3, 27-8A-4, 27-8A-6, 27-8A-9, 27-8A-13, 10-4-111, 22-21-376, 27-2-16, 27-3-27, 27-4-2, 27-10-24, 27-10-25, 27-10-32, 27-12-17, 27-21A-14, 27-30-32, 27-31A-12, 27-34-43, 27-39-7, and 27-43-14 of the Code of Alabama 1975; to add Sections 27-7-4.1, 27-7-4.2, 27-7-4.3, 27-7-14.1, 27-7-29.1, 27-7-29.2, 27-7-30.1, 27-7-30.2, 27-7-30.3, 27-7-30.4, 27-7-35.1, 27-7-39, and 27-7-40 to the Code of Alabama 1975; to repeal Sections 22-21-377, 22-21-378, 22-21-379, 22-21-380, 22-21-381, 27-3-28, 27-7-3, 27-7-6, 27-7-7, 27-7-8, 27-7-9, 27-7-10, 27-7-10.1, 27-7-11, 27-7-12, 27-7-13, 27-7-15, 27-7-18, 27-7-25, 27-7-27, 27-7-31, 27-7-32, all of Chapter 8 of Title 27, 27-8A-10, 27-8A-12, 27-34-44, 27-43-15, 27-43-16, 27-43-17, 27-43-18, 27-43-19, and 27-43-20 of the Code of Alabama 1975; to provide for the qualifications and procedures for the licensing of insurance producers by simplifying and organizing the statutory requirements for licensing; to bring

Alabama law into compliance with federal uniformity requirements of 15 U.S.C. Section 6751, being Section 321 of Public Law 106-102, known as the "Gramm-Leach-Bliley Act"; and to clarify that the Commissioner of Insurance has authority to promulgate regulations necessary to implement and enforce the privacy provisions of 15 U.S.C. Sections 6801, et seq., being Sections 501, et seq., of Public Law 106-102, commonly known as the "Gramm-Leach-Bliley Act," and for this purpose to amend Section 10-4-115, Code of Alabama 1975, as amended by Act 2000-595 and Act 2000-795, 2000 Regular Session.

BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

Section 1. Sections 27-7-1, 27-7-2, and 27-7-4, Code of Alabama 1975, are amended to read as follows:

"§27-7-1.

"For the purposes of this chapter, the following terms shall have the meanings respectively ascribed to them by this section:

"(1) BUSINESS ENTITY. A corporation, association, partnership, limited liability company, limited liability partnership, or other legal entity.

"(2) COMMISSIONER. The Alabama Commissioner of Insurance.

"(3) HOME STATE. The District of Columbia and any state or territory of the United States in which an insurance producer maintains his or her principal place of residence or

1 principal place of business and is licensed to act as an
2 insurance producer.

3 "(4) INSURANCE. As defined in Section 27-1-2.

4 "(5) INSURANCE PRODUCER or PRODUCER. A person
5 required to be licensed under the laws of this state to sell,
6 solicit, or negotiate insurance.

7 "(6) INSURER. As defined in Section 27-1-2. For the
8 purposes of this chapter, insurer shall also mean an insurance
9 company licensed pursuant to Chapter 3, commencing with
10 Section 27-3-1 of this title; a health care service plan
11 licensed pursuant to Article 6, commencing with Section
12 10-4-100 of Chapter 4 of Title 10; a dental service
13 corporation licensed pursuant to Article 12, commencing with
14 Section 22-21-360 of Chapter 21 of Title 22; a health
15 maintenance organization licensed pursuant to Chapter 21A,
16 commencing with Section 27-21A-1 of this title; a mutual aid
17 association licensed pursuant to Chapter 30, commencing with
18 Section 27-30-1 of this title; a fraternal benefit society
19 licensed pursuant to Chapter 34, commencing with Section
20 27-34-1 of this title; an automobile club or association
21 licensed pursuant to Chapter 39, commencing with Section
22 27-39-1 of this title; and a legal service insurance
23 corporation licensed pursuant to Chapter 43, commencing with
24 Section 27-43-1 of this title.

"(7) LICENSE. A document issued by the commissioner authorizing a person to act as an insurance producer for the lines of authority specified in the document. The license itself does not create any authority, actual, apparent, or inherent, in the holder to represent or commit an insurance carrier.

"(8) LIFE LINES OF AUTHORITY. Any one or more of the following lines as defined in Section 27-7-14.1: Life; Accident and Health or Sickness (also known as Disability); and Variable Life and Variable Annuity Products.

"(9) LIMITED LINE CREDIT INSURANCE. Credit life, credit disability, credit property, credit unemployment, creditor-placed (also known as forced-placed), nonfiling, involuntary unemployment, mortgage life, mortgage guaranty, mortgage disability, guaranteed automobile protection (GAP), family and medical leave insurance, and any other form of insurance offered in connection with an extension of credit that is limited to partially or wholly extinguishing that credit obligation that the commissioner determines should be designated a form of limited line credit insurance.

"(10) LIMITED LINE CREDIT INSURANCE PRODUCER. A person who sells, solicits, or negotiates one or more forms of limited line credit insurance coverage to individuals through a master, corporate, group, or individual policy.

1 "(11) LIMITED LINES INSURANCE. Limited line credit
2 insurance, insurance on rental vehicles defined in Section
3 27-7-5.1, and any other line of insurance that the
4 commissioner deems necessary to recognize for the purposes of
5 complying with subsection (e) of Section 27-7-28.

6 "(12) LIMITED LINES PRODUCER. A person authorized by
7 the commissioner to sell, solicit, or negotiate limited lines
8 insurance.

9 "(13) NAIC. The National Association of Insurance
10 Commissioners.

11 "(14) NEGOTIATE. The act of conferring directly with
12 or offering advice directly to a purchaser or prospective
13 purchaser of a particular contract of insurance concerning any
14 of the substantive benefits, terms, or conditions of the
15 contract, provided that the person engaged in that act either
16 sells insurance or obtains insurance from insurers for
17 purchasers.

18 "(15) PERSON. An individual or a business entity.

19 "(16) PROPERTY LINES OF AUTHORITY. Any one or more
20 of the following lines as defined in Section 27-7-14.1:
21 Property; Casualty; Personal Lines; and Automobile.

22 "(17) SELL. To exchange a contract of insurance by
23 any means, for money or its equivalent, on behalf of an
24 insurance company.

1 "(18) SERVICE REPRESENTATIVE. A natural person,
2 other than an officer, manager or managing general agent of
3 the insurer, employed on salary by an insurer or managing
4 general agent to work for, with or through producers in
5 selling, soliciting, or negotiating insurance in the insurer
6 or in the insurers represented by the managing general agent,
7 but only in the property lines of authority. Officers and
8 salaried nonresident traveling representatives of a mutual
9 insurer operating on the premium deposit plan or of a
10 reciprocal insurer not using resident agents for the
11 solicitation of business who inspect risks or solicit
12 insurance in this state and who receive no commissions from
13 the insurer shall be deemed also to be service
14 representatives. A service representative shall otherwise
15 qualify and be licensed as a service representative under this
16 chapter, but shall not be required to take and pass an
17 examination nor be a resident of Alabama if qualified as a
18 service representative in the state of his or her domicile.
19 The service representative must be appointed for each insurer
20 or association of insurers represented and for each class of
21 insurance handled by the insurer or insurers in this state.

22 "(19) SOLICIT. Attempting to sell insurance or
23 asking or urging a person to apply for a particular kind of
24 insurance from a particular company.

1 "(20) TERMINATE. The cancellation of the
2 relationship between an insurance producer and the insurer or
3 the termination of a producer's authority to transact
4 insurance.

5 "(21) UNIFORM BUSINESS ENTITY APPLICATION. The
6 current version of the NAIC Uniform Business Entity
7 Application for resident and nonresident business entities.

8 "(22) UNIFORM APPLICATION. The current version of
9 the NAIC Uniform Application for resident and nonresident
10 producer licensing.

11 "§27-7-2.

12 "(a) This chapter governs the qualifications and
13 procedures for the licensing of insurance producers and
14 service representatives. It simplifies and organizes some
15 statutory language to improve efficiency, permits the use of
16 new technology, and reduces costs associated with issuing and
17 renewing insurance licenses.

18 "(b) This chapter does not apply to surplus line
19 brokers licensed pursuant to Section 27-10-24, except as
20 provided in Section 27-7-28.

21 "(c) This chapter does not apply to title insurance.

22 "§27-7-4.

23 "(a) No person shall in this state sell, solicit, or
24 negotiate insurance for any class or classes of insurance
25 unless the person is then licensed for that line of authority

1 in accordance with this chapter. Any insurer accepting
 2 business directly from a person not licensed for that line of
 3 authority and not appointed by the insurer shall be liable to
 4 a fine up to three times the premium received from the person.

5 "(b) No producer shall act on behalf of any insurer
 6 for which an appointment is not held under this chapter. A
 7 producer who is not acting on behalf of an insurer is not
 8 required to become appointed. For purposes of this section, a
 9 producer who refers business to an appointed producer pursuant
 10 to Section 27-7-34 shall not be deemed to be acting on behalf
 11 of the insurer with whom the business is placed, regardless of
 12 whether commissions on this business are shared.

13 "(c) The commissioner shall prescribe and furnish on
 14 request all forms required in connection with application for,
 15 issuance, continuation, or termination of licenses and
 16 appointments."

17 Section 2. Sections 27-7-4.1, 27-7-4.2, and 27-7-4.3
 18 are added to the Code of Alabama 1975, to read as follows:

19 §27-7-4.1.

20 (a) No insurer or producer shall pay, directly or
 21 indirectly, any commission or other valuable consideration to
 22 any person for services as a producer or service
 23 representative within this state unless the person holds a
 24 currently valid license as a producer or service

1 representative as to the kind or class of business involved as
2 required by this chapter.

3 (b) Any insurer or producer violating this section
4 shall be liable for a fine in an amount of up to three times
5 the amount of the commission paid. The fine shall be levied
6 and collected by the commissioner. Upon failure to pay the
7 fine the commissioner may, in the commissioner's discretion,
8 revoke the license of the producer or the insurer's
9 certificate of authority.

10 (c) The provisions of this section shall not prevent
11 any of the following:

12 (1) Payment of renewal or other deferred commissions
13 to any person solely because the person has ceased to hold a
14 license to act as a producer.

15 (2) Payment to the personal representative of a
16 deceased producer.

17 (3) Payment to a person holding a temporary producer
18 license.

19 §27-7-4.2.

20 (a) Nothing in this chapter shall be construed to
21 require an insurer to obtain an insurance producer license. In
22 this section, the term "insurer" does not include an insurer's
23 officers, directors, employees, subsidiaries, or affiliates.

24 (b) A license as an insurance producer shall not be
25 required of any of the following:

1 (1) An officer, director, or employee of an insurer
2 or of an insurance producer, provided that the officer,
3 director, or employee does not receive any commission on
4 policies written or sold to insure risks residing, located, or
5 to be performed in this state and any of the following:

6 a. The officer, director, or employee's activities
7 are executive, administrative, managerial, clerical, or a
8 combination of these, and are only indirectly related to the
9 sale, solicitation, or negotiation of insurance.

10 b. The officer, director, or employee's function
11 relates to underwriting, loss control, inspection, or the
12 processing, adjusting, investigating, or settling of a claim
13 on a contract of insurance.

14 c. The officer, director, or employee is acting in
15 the capacity of a special agent or agency supervisor assisting
16 insurance producers where the person's activities are limited
17 to providing technical advice and assistance to licensed
18 insurance producers and do not include the sale, solicitation,
19 or negotiation of insurance.

20 (2) A person who secures and furnishes information
21 for the purpose of group life insurance, group property and
22 casualty insurance, group annuities, group or blanket accident
23 and health insurance; or for the purpose of enrolling
24 individuals under plans; issuing certificates under plans or
25 otherwise assisting in administering plans; or performs

1 administrative services related to mass marketed property and
2 casualty insurance; where no commission is paid to the person
3 for the service.

4 (3) An employer or association or its officers,
5 directors, employees, or the trustees of an employee trust
6 plan, to the extent that the employers, officers, employees,
7 directors, or trustees are engaged in the administration or
8 operation of a program of employee benefits for the employer's
9 or association's own employees or the employees of its
10 subsidiaries or affiliates, which program involves the use of
11 insurance issued by an insurer, as long as the employers,
12 associations, officers, directors, employees, or trustees are
13 not in any manner compensated, directly or indirectly, by the
14 company issuing the contracts.

15 (4) Employees of insurers or organizations employed
16 by insurers who are engaging in the inspection, rating, or
17 classification of risks, or in the supervision of the training
18 of insurance producers and who are not individually engaged in
19 the sale, solicitation, or negotiation of insurance.

20 (5) A person whose activities in this state are
21 limited to advertising without the intent to solicit insurance
22 in this state through communications in printed publications
23 or other forms of electronic mass media whose distribution is
24 not limited to residents of the state, provided that the
25 person does not sell, solicit, or negotiate insurance that

1 would insure risks residing, located, or to be performed in
2 this state.

3 (6) A person who is not a resident of this state who
4 sells, solicits, or negotiates a contract of insurance for
5 commercial property and casualty risks to an insured with
6 risks located in more than one state insured under that
7 contract, provided that the person is otherwise licensed as an
8 insurance producer to sell, solicit, or negotiate that
9 insurance in the state where the insured maintains its
10 principal place of business and the contract of insurance
11 insures risks located in that state.

12 (7) A salaried full-time employee who counsels or
13 advises his or her employer relative to the insurance
14 interests of the employer or of the subsidiaries or business
15 affiliates of the employer provided that the employee does not
16 sell or solicit insurance or receive a commission.

17 (c) Persons who provide general insurance advice, or
18 collect insurance premiums in transactions, in connection with
19 providing other professional services such as legal services,
20 trust services, tax and accounting services, or financial
21 planning and investment advisory services are not deemed to be
22 soliciting the sale of insurance under this chapter.

23 §27-7-4.3.

24 (a) A resident individual applying for an insurance
25 producer license shall pass a written examination unless

1 exempt pursuant to Section 27-7-5 or 27-7-29.1. The
2 examination shall test the knowledge of the individual
3 concerning the lines of authority for which application is
4 made, the duties and responsibilities of an insurance
5 producer, and the insurance laws and regulations of this
6 state. Examinations required by this section shall be
7 developed and conducted under rules and regulations prescribed
8 by the commissioner.

9 (b) The commissioner may make arrangements,
10 including contracting with an outside testing service, for
11 administering examinations and collecting the nonrefundable
12 fee set forth in Section 27-4-2.

13 (c) Each individual applying for an examination
14 shall remit a nonrefundable fee prescribed by the commissioner
15 as set forth in Section 27-4-2.

16 (d) An individual who fails to appear for the
17 examination as scheduled or fails to pass the examination
18 shall reapply for an examination and remit all required fees
19 and forms before being rescheduled for another examination.

20 (e) No individual who has taken and failed to pass
21 two examinations given pursuant to this section for a
22 particular line of insurance shall be entitled to take any
23 further examination for that line of insurance until after the
24 expiration of three months from the date of the last
25 examination which the individual failed to pass. If the

1 individual thereafter fails to pass the examination after two
 2 more attempts, the individual shall not be eligible to take
 3 any further examination for that line of insurance until after
 4 the expiration of six months from the date of the last
 5 unsuccessful examination. An examination fee shall be paid for
 6 each and every examination.

7 (f) If the commissioner has contracted with an
 8 outside testing service as provided for in subsection (b),
 9 fees approved by the commissioner for the examinations may, in
 10 the commissioner's discretion, be paid directly to the outside
 11 testing service and the fee shall be in lieu of, but not in
 12 excess of, the fees for the examination required under this
 13 section as specified in Section 27-4-2.

14 Section 3. Section 27-7-5, Sections 2 and 3 of Act
 15 2000-690, now appearing as Section 27-7-5.1 of the Code of
 16 Alabama 1975, and Section 27-7-14, Code of Alabama 1975, are
 17 amended to read as follows:

18 "§27-7-5.

19 "(a) An individual applying for a resident insurance
 20 producer license shall make application to the commissioner on
 21 the Uniform Application, and an individual applying for a
 22 service representative license shall make application to the
 23 commissioner on the application prescribed by the
 24 commissioner, each declaring under penalty of refusal,
 25 suspension, or revocation of the license that the statements

made in the application are true, correct, and complete to the best of the individual's knowledge and belief. Before approving the application, the commissioner shall find that the individual has satisfied all of the following:

"(1) The individual is at least 18 years of age.

"(2) The individual has not committed any act that is a ground for denial, suspension, or revocation set forth in Section 27-7-19.

"(3) The individual has completed a pre-licensing course of study for the lines of authority for which the person has applied, consisting of 40 classroom hours or equivalent individual instruction on the general principles of insurance, the course to be taught only by those educational institutions, junior or senior colleges, technical colleges, trade schools, insurance companies, or insurance trade organizations which hold written authority from the commissioner to issue certificates of completion.

"a. Each authority holder must apply annually for the continued authority to issue certificates under rules and regulations to be prescribed by the commissioner.

"b. Prior to writing the designated examination for license, the applicant must furnish a certificate of completion of the aforesaid pre-licensing course from the authorized educational institution, insurance company, or insurance trade organization.

"c. All applicants for a license to transact the life lines of authority who are holders of the professional designation chartered life underwriter (CLU); all applicants for a license to transact the property lines of authority who are holders of the professional designations chartered property casualty underwriter (CPCU) or certified insurance counselor (CIC); or other similar professional insurance designations as the commissioner may prescribe by regulation shall be deemed to have completed the pre-licensing course as prescribed in this subdivision.

"d. All applicants for a license to transact only the following lines of authority shall be exempt from the requirements of this subdivision:

"1. Industrial fire (commonly known as debit fire) insurance.

"2. Limited lines insurance.

"e. All producers and service representatives who are lawfully licensed for a particular line of authority as an agent, broker, solicitor, or service representative immediately prior to the effective date of this act, are exempt from the requirements of this subdivision for that line of authority unless, after the effective date, the license is permitted to expire or is otherwise terminated and remains out of effect for a period of 12 consecutive months, in which case

1 the exemption from the pre-licensing course shall no longer be
2 applicable.

3 "(4) The individual has successfully passed the
4 examination for the lines of authority for which the
5 individual has applied, except that no examination shall be
6 required of an applicant as follows:

7 "a. All applicants for a license to transact only
8 one or more of the limited lines insurance.

9 "b. All applicants for a license to transact the
10 life lines of authority who are holders of the professional
11 designation chartered life underwriter (CLU).

12 "c. All applicants for a license to transact the
13 property lines of authority who are holders of the
14 professional designation chartered property casualty
15 underwriter (CPCU) or certified insurance counselor (CIC).

16 "d. The commissioner may prescribe by regulation
17 other similar professional insurance designations as
18 exemptions from the examination requirement for particular
19 lines of authority.

20 "e. All producers lawfully licensed for a particular
21 line of authority as an agent, broker, solicitor, or service
22 representative immediately prior to the effective date of this
23 act are exempt from the requirements of this subdivision for
24 that line of authority unless, after the effective date, the
25 license is permitted to expire or is otherwise terminated and

1 remains out of effect for a period of 12 consecutive months,
2 in which case the exemption from examination shall no longer
3 be applicable.

4 "f. All service representatives.

5 "(5) The individual has paid the fees set forth in
6 Section 27-4-2.

7 "(b) A business entity acting as an insurance
8 producer is required to obtain an insurance producer license.
9 Application shall be made using the Uniform Business Entity
10 Application. Before approving the application, the
11 commissioner shall find that the business entity has satisfied
12 all of the following:

13 "(1) A licensed individual producer has been
14 designated responsible for the business entity's compliance
15 with the insurance laws, rules, and regulations of this state.

16 "(2) The business entity has paid the fees set forth
17 in Section 27-4-2.

18 "(c) The commissioner may require any documents
19 reasonably necessary to verify the information contained in an
20 application.

21 "(d) Each insurer that sells, solicits, or
22 negotiates any form of limited line credit insurance shall
23 provide to each individual whose duties will include selling,
24 soliciting, or negotiating limited line credit insurance a
25 program of instruction.

1 "§27-7-5.1.

2 "(a) As used in this section, the following terms
3 shall have the following meanings:

4 "(1) RENTAL AGREEMENT. Any written agreement setting
5 forth the terms and conditions governing the use of a vehicle
6 provided by the rental company for rental or lease.

7 "(2) RENTAL COMPANY. Any person or entity in the
8 business of providing rental vehicles to the public under a
9 rental agreement for a period not to exceed 90 days.

10 "(3) RENTAL PERIOD. The term of the rental
11 agreement.

12 "(4) RENTER. Any person obtaining the use of a
13 vehicle from a rental company under the terms of a rental
14 agreement for a period not to exceed 90 days.

15 "(5) VEHICLE or RENTAL VEHICLE. A motor vehicle of
16 the private passenger type (including passenger vans,
17 minivans, and sport utility vehicles) and of the cargo type
18 (including cargo vans, pickup trucks, and trucks with gross
19 vehicle weight of less than 26,000 pounds, which do not
20 require the operator to possess a commercial driver's
21 license).

22 "(b) Notwithstanding any other provision of law, the
23 commissioner may issue to a rental company that has complied
24 with the requirements of this section a limited license

1 authorizing the rental company to offer or sell insurance in
2 connection with the rental of vehicles.

3 "(c) All rental companies licensed pursuant to this
4 section shall be exempt from the 40-hour pre-licensing course
5 and written examination requirements of Section 27-7-5, and
6 the continuing education requirements of Chapter 8A of this
7 title.

8 "(d) A rental company licensed pursuant to this
9 section may offer or sell insurance only in connection with
10 and incidental to the rental of vehicles, whether at the
11 rental office or by preselection of coverage in a master,
12 corporate, individual, or group rental agreement, in any of
13 the following general categories:

14 "(1) Personal accident insurance covering the risks
15 of travel, including, but not limited to, accident and health
16 insurance that provides coverage, as applicable, to renters
17 and other rental vehicle occupants for accidental death or
18 dismemberment and reimbursement for medical expenses resulting
19 from an accident that occurs during the rental period.

20 "(2) Liability insurance, including uninsured and
21 underinsured motorist coverage whether offered separately or
22 in combination with other liability insurance, that provides
23 coverage, as applicable, to renters and other authorized
24 drivers of rental vehicles for liability arising from the
25 operation of the rental vehicle.

1 "(3) Personal effects insurance that provides
2 coverage, as applicable, to renters and other vehicle
3 occupants for the loss of, or damage to, personal effects that
4 occurs during the rental period.

5 "(4) Roadside assistance and emergency sickness
6 protection programs.

7 "(5) Any other travel or auto-related coverage that
8 a rental company offers in connection with and incidental to
9 the rental of vehicles.

10 "(e) No insurance may be issued by a rental company
11 licensed pursuant to this section except subject to all of the
12 following conditions:

13 "(1) The rental period of the rental agreement does
14 not exceed 90 consecutive days.

15 "(2) At every rental location where rental
16 agreements are executed, brochures or other written materials
17 are readily available to the prospective renter that meet all
18 of the following criteria:

19 "a. Summarize clearly and correctly the material
20 terms of coverage offered to renters, including the identity
21 of the insurer.

22 "b. Disclose that the coverage offered by the rental
23 company may provide a duplication of coverage provided by a
24 renter's personal automobile insurance policy, homeowner's

1 insurance policy, personal liability insurance policy, or
2 other source of coverage.

3 "c. State that the purchase by the renter of the
4 kinds of coverage specified in this section is not required in
5 order to rent a vehicle.

6 "d. Describe the process for filing a claim in the
7 event the renter elects to purchase coverage and in the event
8 of a claim.

9 "(3) Evidence of coverage in the rental agreement is
10 disclosed to every renter who elects to purchase the coverage.

11 "(f) A rental company licensed pursuant to this
12 section may authorize any employee of the rental company to
13 act individually on behalf of and under the supervision of the
14 rental company with respect to the kinds of coverage specified
15 in this section.

16 "(g) Each rental company licensed pursuant to this
17 section shall conduct a training program in which employees
18 being trained shall receive basic instruction about the kinds
19 of coverage specified in this section and offered for purchase
20 by prospective renters of rental vehicles.

21 "(h) Notwithstanding any other provision of this
22 section, or any rule adopted by the commissioner, a rental
23 company licensed pursuant to this section shall not be
24 required to treat monies collected from renters purchasing
25 insurance when renting vehicles as funds received in a

1 fiduciary capacity, provided that the charges for coverage
2 shall be itemized and be ancillary to a rental transaction.
3 The sale of insurance not in conjunction with a rental
4 transaction is prohibited.

5 "(i) This section shall be construed prospectively
6 from August 1, 2000.

7 "§27-7-14.

8 "The commissioner shall, from time to time as an aid
9 to the efficient administration of this chapter, consult with
10 individuals experienced in the insurance business, to include
11 officers, employees, managing general agents, managers and
12 licensed producers engaged in the business, to the end that an
13 orderly and effective program be developed as to scope, type
14 and conduct of written examinations and the times and places
15 in the state when and where they shall be held."

16 Section 4. Section 27-7-14.1 is added to the Code of
17 Alabama 1975, to read as follows:

18 §27-7-14.1.

19 (a) Unless denied licensure pursuant to Section
20 27-7-19, persons who have met the requirements of Sections
21 27-7-4.3 and 27-7-5 shall be issued an insurance producer
22 license. An insurance producer may receive qualification for a
23 license in one or more of the following lines of authority:

24 (1) Life - insurance coverage on human lives
25 including benefits of endowment and annuities, and may include

1 benefits in the event of death or dismemberment by accident
2 and benefits for disability income.

3 (2) Accident and Health or Sickness (commonly known
4 as Disability) - insurance coverage for sickness, bodily
5 injury, or accidental death and may include benefits for
6 disability income.

7 (3) Property - insurance coverage for the direct or
8 consequential loss or damage to property of every kind.

9 (4) Casualty - insurance coverage against legal
10 liability, including that for death, injury, or disability or
11 damage to real or personal property, and surety.

12 (5) Variable Life and Variable Annuity Products -
13 insurance coverage provided under variable life insurance
14 contracts and variable annuities.

15 (6) Personal Lines - property and casualty insurance
16 coverage sold to individuals and families for primarily
17 noncommercial purposes.

18 (7) Credit - limited line credit insurance.

19 (8) Bail Bond - surety coverage for bail, as defined
20 in Chapter 13 of Title 15.

21 (9) Automobile - property and casualty coverage for
22 automobiles.

23 (10) Industrial Fire (commonly known as Debit Fire)
24 - fire insurance sold through a debit agency system, in
25 accordance with regulations promulgated by the commissioner.

1 (11) Rental Vehicle - as described in Section
2 27-7-5.1.

3 (12) Any other line of insurance permitted under
4 state laws or regulations.

5 (b) Unless denied licensure pursuant to Section
6 27-7-19, persons who have met the requirements of Section
7 27-7-5 shall be issued a service representative license. A
8 service representative shall receive qualification for a
9 license in the following lines of authority:

10 (1) Property - insurance coverage for the direct or
11 consequential loss or damage to property of every kind.

12 (2) Casualty - insurance coverage against legal
13 liability, including that for death, injury, or disability or
14 damage to real or personal property, and surety.

15 (c) An insurance producer or service representative
16 license shall remain in effect unless revoked or suspended as
17 long as the license renewal fee set forth in Section 27-8A-9
18 is paid and education requirements for resident individual
19 producers and service representatives set forth in Chapter 8A
20 of this title are met by the due date.

21 (d) An individual insurance producer who allows his
22 or her license to lapse may, within 12 months from the due
23 date of the renewal fee, reinstate the same license without
24 the necessity of completing the pre-licensing course or
25 passing a written examination; a service representative who

1 allows his or her license to lapse may, within 12 months from
2 the due date of the renewal fee, reinstate the same license
3 without the necessity of completing the pre-licensing course;
4 however, a penalty in the amount of double the unpaid renewal
5 fee shall be required for any renewal fee received after the
6 due date.

7 (e) A licensed insurance producer or service
8 representative who is unable to comply with license renewal
9 procedures due to military service or some other extenuating
10 circumstance (e.g., a long-term medical disability) may
11 request a waiver of those procedures. The producer or service
12 representative may also request a waiver of any examination
13 requirement or any other fine or sanction imposed for failure
14 to comply with renewal procedures.

15 Section 5. Sections 27-7-17, 27-7-19, 27-7-23,
16 27-7-24, 27-7-28, and 27-7-29, Code of Alabama 1975, are
17 amended to read as follows:

18 "§27-7-17.

19 "(a) The license of a producer or service
20 representative shall state the name and address of the
21 licensee, the personal identification number, date of
22 issuance, the lines of authority, the expiration date, and any
23 other information the commissioner deems necessary.

24 "(b) Licensees shall inform the commissioner by any
25 means acceptable to the commissioner of a change in legal name

1 or address within 30 days of the change. Failure to timely
2 inform the commissioner of a change in legal name or address
3 shall result in a penalty of fifty dollars (\$50).

4 "(c) In order to assist in the performance of the
5 commissioner's duties, the commissioner may contract with
6 non-governmental entities, including the NAIC or any
7 affiliates or subsidiaries that the NAIC oversees, to perform
8 any ministerial functions, including the collection of fees,
9 related to producer licensing that the commissioner may deem
10 appropriate.

11 "(d) The commissioner may participate, in whole or
12 in part, with the NAIC or any affiliates or subsidiaries the
13 NAIC oversees in a centralized producer license registry where
14 the producer licenses and appointments may be centrally or
15 simultaneously effected for all states that require a producer
16 license and participate in the centralized producer license
17 registry.

18 "(e) If the commissioner finds that participation in
19 a centralized producer license registry is in the public
20 interest, the commissioner may adopt any uniform standards and
21 procedures as are necessary to participate in the registry, to
22 include the central collection of all fees for licenses or
23 appointments that are processed through the registry.

24 "§27-7-19.

1 "(a) The commissioner may place on probation, refuse
2 to issue or renew, suspend, or revoke the license of any
3 licensee under this chapter, or may levy a civil penalty in
4 accordance with subsection (c), or any combination of actions,
5 for any one or more of the following causes:

6 "(1) Any cause for which issuance of the license
7 could have been refused had it then existed and been known to
8 the commissioner.

9 "(2) Providing incorrect, misleading, incomplete, or
10 materially untrue information in any application or in any
11 communication to the commissioner.

12 "(3) Obtaining or attempting to obtain a license
13 through misrepresentation or fraud.

14 "(4) Intentionally misrepresenting the terms of any
15 actual or proposed insurance contract or application for
16 insurance.

17 "(5) Having admitted or been found to have committed
18 any insurance unfair trade practice or fraud.

19 "(6) For inducing, persuading, or advising any
20 policyholder to surrender or cause to be cancelled any policy
21 of insurance issued to the policyholder by any authorized
22 insurer in exchange for a policy offered by the licensee where
23 the surrender or cancellation shall proximately result to the
24 financial detriment of such policyholder, unless the

1 policyholder shall have been fully advised of that fact by the
2 licensee.

3 "(7) Using fraudulent, coercive, or dishonest
4 practices, or demonstrating incompetence, untrustworthiness,
5 or financial irresponsibility in the conduct of business under
6 a license in this state or elsewhere.

7 "(8) Improperly withholding, misappropriating, or
8 converting any monies or properties belonging to the insurers,
9 insureds, or others received by the licensee in the exercise
10 of his or her license.

11 "(9) Violating insurance laws or violating any valid
12 order, subpoena, rule, or regulation issued by the
13 commissioner or issued by another state's insurance
14 commissioner.

15 "(10) Having been convicted of a felony.

16 "(11) Having an insurance producer license, or its
17 equivalent, denied, suspended, or revoked in any other state,
18 province, district, or territory.

19 "(12) Forging another's name to an application for
20 insurance or to any document related to an insurance
21 transaction.

22 "(13) Improperly using notes or any other reference
23 material to complete an examination for an insurance license.

24 "(14) Knowingly accepting insurance business from an
25 individual who is not licensed.

1 "(15) Failing to comply with an administrative or
2 court order imposing a child support obligation.

3 "(16) Failing to pay state income tax or failing to
4 comply with any administrative or court order directing
5 payment of state income tax.

6 "(b) The license of a business entity may be
7 suspended, revoked, or refused if the commissioner finds,
8 after hearing, that an individual licensee's violation was
9 known or should have been known by one or more of the
10 partners, officers, or managers acting on behalf of the
11 business entity and the violation was not reported timely to
12 the commissioner nor corrective action taken in relation
13 thereto.

14 "(c) In the absence of a greater fine specifically
15 provided elsewhere in this code, and in addition to or in lieu
16 of any applicable probation, denial, suspension, or revocation
17 of a license under this section, a person may, in the sole
18 discretion of the commissioner after hearing, be subject to a
19 civil fine in an amount not to exceed ten thousand dollars
20 (\$10,000) per violation.

21 "(d) The commissioner shall retain the authority to
22 enforce the provisions of and impose any penalty or remedy
23 authorized by this chapter and this title against any person
24 who is under investigation for or charged with a violation of
25 this chapter or this title even if the person's license or

1 registration has been surrendered or has lapsed by operation
2 of law.

3 "§27-7-23.

4 "(a) The commissioner may, in his or her discretion,
5 issue a temporary producer license without requiring an
6 examination or pre-licensing course if the commissioner deems
7 the temporary license is necessary for the servicing of an
8 insurance business in any of the following cases:

9 "(1) To the surviving spouse or court-appointed
10 personal representative of a licensed producer who dies or
11 becomes mentally or physically disabled to allow adequate time
12 for the sale of the insurance business owned by the producer
13 or for the recovery or return of the producer to the business
14 or to provide for the training and licensing of new personnel
15 to operate the producer's business.

16 "(2) To a member or employee of a business entity
17 which is licensed as a producer, upon the death or disability
18 of the individual designated in the business entity
19 application or the license.

20 "(3) To the designee of a licensed producer entering
21 active service in the armed forces of the United States of
22 America.

23 "(4) In any other circumstance where the
24 commissioner deems that the public interest will best be
25 served by the issuance of this license.

1 "(b) The temporary license shall be valid for a
2 period of not over six months and, except as to one renewal in
3 the case of disabling or confining illness or injury of the
4 producer, shall not be renewed either to the then holder of
5 the temporary license or to any other person for, or on behalf
6 of, the producer.

7 "(c) The holder of a temporary license may be
8 granted a regular producer's license upon taking and passing
9 an examination as required under this chapter, if then
10 otherwise qualified for the regular license.

11 "(d) If the temporary licensee becomes entitled to
12 receive a regular license prior to expiration of the temporary
13 license, he or she shall surrender the temporary license to
14 the commissioner at the time the regular license is issued.

15 "(e) The applicant for a temporary license shall pay
16 to the commissioner, prior to the issuance thereof, the
17 applicable license fee as specified in Section 27-4-2.

18 "(f) The commissioner may by order limit the
19 authority of any temporary licensee in any way deemed
20 necessary to protect insureds and the public. The commissioner
21 may require the temporary licensee to have a suitable sponsor
22 who is a licensed producer or insurer and who assumes
23 responsibility for all acts of the temporary licensee and may
24 impose other similar requirements designed to protect insureds
25 and the public. The commissioner may by order revoke a

1 temporary license if the interests of insureds or the public
2 are endangered. The temporary license may not continue after
3 the owner or the personal representative disposes of the
4 business.

5 "§27-7-24.

6 "(a) The commissioner may, in his or her discretion,
7 issue a temporary license as producer to an applicant who is
8 qualified for the license except as to having taken and passed
9 a written examination therefor, if the applicant is actively
10 engaged in a course of study, instruction, and field training
11 approved by the commissioner and under the supervision of the
12 insurer. The producer application shall be accompanied by the
13 notice of appointment required by Section 27-7-30, along with
14 the insurer's request for the issuance of a temporary license
15 for the producer. The insurer shall be responsible for all
16 acts and omissions of the licensee under the temporary license
17 and within the scope of his or her employment or appointment.

18 "(b) The temporary license shall be valid for six
19 months, within which period the licensee shall submit to a
20 written examination for a regular producer's license and for
21 such further time until the commissioner has notified the
22 applicant of the result of the examination.

23 "(c) Subsections (a) and (b) of Section 27-10-1 also
24 shall apply as to producers holding temporary licenses.

25 "§27-7-28.

1 "(a) Unless denied licensure pursuant to Section
2 27-7-19, a nonresident person shall receive a nonresident
3 producer license if all of the following are satisfied:

4 "(1) The person has submitted or transmitted to the
5 commissioner a copy of the application for licensure that the
6 person submitted to his or her home state or, in lieu of the
7 same, a completed Uniform Application.

8 "(2) The person has submitted the proper request for
9 licensure and has paid the fees required under Section 27-4-2.

10 "(3) The person's home state awards nonresident
11 producer licenses to residents of this state on the same
12 basis.

13 "(4) The person is currently licensed as a resident
14 producer and is in good standing in the state of his or her
15 residence.

16 "(b) The commissioner may verify the producer's
17 licensing status through the database maintained by the NAIC,
18 its affiliates, or subsidiaries.

19 "(c) A nonresident producer who moves from one state
20 to another state or a resident producer who moves from this
21 state to another state shall file a change of address and
22 provide certification from the new resident state within 30
23 days of the change of legal residence. No fee or license
24 application is required.

1 "(d) Notwithstanding any other provision of this
2 chapter, a person licensed as a surplus line broker in his or
3 her home state shall receive a nonresident surplus line broker
4 license pursuant to subsection (a) of this section. Except as
5 provided in subsection (a), nothing in this section otherwise
6 amends or supersedes any provision of Article 2 of Chapter 10
7 of this title.

8 "(e) Notwithstanding any other provision of this
9 chapter, a person licensed as a limited lines insurance
10 producer in his or her home state shall receive a nonresident
11 limited lines producer license, pursuant to subsection (a) of
12 this section, granting the same scope of authority as granted
13 under the license issued by the producer's home state. For the
14 purposes of this subsection, limited lines insurance is any
15 authority granted by the home state which restricts the
16 authority of the license to less than the total authority
17 prescribed in the associated major lines pursuant to
18 subdivisions (1) to (6), inclusive, of Section 27-7-14.1.

19 "(f) A nonresident producer's satisfaction of his or
20 her home state's continuing education requirements for
21 licensed insurance producers shall constitute satisfaction of
22 this state's continuing education requirements if the
23 nonresident producer's home state recognizes the satisfaction
24 of its continuing education requirements imposed upon
25 producers from this state on the same basis.

1 "(g) Except for the requirements imposed by this
2 section and Section 27-7-29, the commissioner shall waive any
3 requirements for a nonresident license applicant, including
4 the provisions of Section 27-3-29, with a valid license from
5 his or her home state if the applicant's home state awards
6 nonresident licenses to residents of this state on the same
7 basis.

8 "§27-7-29.

9 "(a) Each licensed nonresident producer shall be
10 considered to have performed acts equivalent to and
11 constituting an appointment of the commissioner as his or her
12 attorney to receive service of legal process issued against
13 the nonresident producer in this state upon causes of action
14 arising within this state out of transactions under the
15 nonresident producer's license. Service upon the commissioner
16 as such attorney shall constitute effective legal service upon
17 the nonresident producer.

18 "(b) The appointment shall be irrevocable for as
19 long as there may be any such cause of action in this state
20 against the nonresident producer.

21 "(c) Service of process under this section shall be
22 made by leaving three copies of the summons and complaint, or
23 other process, with the commissioner, along with payment of
24 the fee prescribed in Section 27-4-2, and the service shall be
25 sufficient service upon the nonresident if notice of the

1 service and a copy of the summons and complaint or other
2 process are forthwith sent by registered or certified mail to
3 the defendant by the commissioner; and the defendant's return
4 and the certificate of the commissioner certifying compliance
5 herewith shall be filed in the office of the clerk of court,
6 or in the court or tribunal wherein the action is pending. The
7 certificate of the commissioner shall show the date of the
8 mailing by registered or certified mail of the notice of the
9 service and copy of the summons and complaint, or other
10 process, to the nonresident defendant and the date of the
11 receipt of the return card and shall be signed by the
12 commissioner. The commissioner may give the nonresident
13 defendant notice of such service upon him or her, in lieu of
14 the notice of service hereinabove provided to be given by
15 registered or certified mail, in the following manner:

16 "(1) By having a notice of such service and a copy
17 of the summons and complaint, or other process, served upon
18 the nonresident defendant, if found within the State of
19 Alabama, by any officer duly qualified to serve legal process
20 within the State of Alabama or, if the nonresident defendant
21 is found to be outside the State of Alabama, by a sheriff,
22 deputy sheriff, or United States marshal or deputy United
23 States marshal, or any duly constituted officer qualified to
24 serve like process in the state or the jurisdiction where the
25 nonresident defendant is found; and

"(2) The officer's return showing such service, when made, shall be filed in the office of the clerk of the court, or in the court or tribunal wherein the action is pending, on or before the return day of the process or within such further times as the court or tribunal may allow, and the court or tribunal in which the action is pending may order such continuance, or continuances, as may be necessary to afford the nonresident defendant reasonable opportunity to defend the action.

"(d) The commissioner shall keep on file for a period of not less than three years a copy of the summons and complaint or other process so served upon the commissioner, together with a record of all such process and of the day, hour, and manner of service."

Section 6. Sections 27-7-29.1 and 27-7-29.2 are added to the Code of Alabama 1975, to read as follows:

§27-7-29.1.

(a) An individual who applies for an insurance producer license in this state who was previously licensed for the same lines of authority in another state shall not be required to complete any pre-licensing education or examination. This exemption is only available if the person is currently licensed in that state or if the application is received within 90 days of the cancellation of the applicant's previous license and if the prior state issues a certification

that, at the time of cancellation, the applicant was in good standing in that state or the state's producer database records, maintained by the NAIC, its affiliates or subsidiaries, indicate that the producer is or was licensed in good standing for the line of authority requested.

(b) A person licensed as an insurance producer in another state who moves to this state shall, within 90 days of establishing legal residence, make application to become a resident licensee pursuant to Section 27-7-5. No pre-licensing education or examination shall be required of that person to obtain any line of authority previously held in the prior state except where the commissioner determines otherwise by regulation.

§27-7-29.2.

An insurance producer doing business under any name other than the producer's legal name is required to notify the commissioner prior to using the assumed name.

Section 7. Section 27-7-30, Code of Alabama 1975, is amended to read as follows:

"§27-7-30.

"(a) Each insurer appointing a producer in this state shall file with the commissioner, in a format approved by the commissioner, a notice of appointment within 15 days from the date the agency contract is executed or the first insurance application is submitted, whichever occurs first. An

1 insurer may also elect to appoint a producer to all or some
2 insurers within the insurer's holding company system or group
3 by the filing of a single appointment request.

4 "(b) Upon receipt of the notice of appointment, the
5 commissioner shall verify within 30 days that the insurance
6 producer is eligible for appointment. If the insurance
7 producer is determined to be ineligible for appointment, the
8 commissioner shall notify the insurer within five days of the
9 commissioner's determination.

10 "(c) An insurer shall pay an appointment fee as set
11 forth in Section 27-4-2 for each insurance producer appointed
12 by the insurer.

13 "(d) An insurer shall remit, in a manner prescribed
14 by the commissioner, a renewal appointment fee as set forth in
15 Section 27-4-2.

16 "(e) Subject to the producer's contract rights, if
17 any, an insurer or authorized representative of the insurer
18 may terminate a producer's appointment at any time. An insurer
19 or authorized representative of the insurer that terminates
20 the appointment, employment, or contract with a producer for
21 any reason shall within 30 days following the effective date
22 of the termination, using a format prescribed by the
23 commissioner, give notice of the termination to the
24 commissioner.

"(f) Upon written request of the commissioner, the insurer or authorized representative shall file with the commissioner a statement of the facts relative to the termination and the cause thereof.

"(g) The insurer or the authorized representative of the insurer shall promptly notify the commissioner in a format acceptable to the commissioner if, upon further review or investigation, the insurer discovers additional information that would have been reportable to the commissioner in accordance with subsection (f) had the insurer then known of its existence.

"(h) Any such information or statement, and information or statements supplemental thereto, shall be privileged and shall not form the basis of, or be admitted as evidence in, any action or proceeding against the insurer, or any director, officer, employee, or representative of the insurer by, or on behalf of, any person affected by the termination.

"(i) Each insurer shall give its producers timely written notice of all appointments and renewal of appointments."

Section 8. Sections 27-7-30.1, 27-7-30.2, 27-7-30.3, and 27-7-30.4 are added to the Code of Alabama 1975, to read as follows:

§27-7-30.1.

1 (a) Within 15 days after making the notification
2 required by subsection (e) of Section 27-7-30, the insurer
3 shall mail a copy of the notification to the producer at his
4 or her last known address. If the producer is terminated for
5 cause for any of the reasons listed in Section 27-7-19, the
6 insurer shall provide a copy of the notification to the
7 producer at his or her last known address by certified mail,
8 return receipt requested, postage prepaid or by overnight
9 delivery using a nationally recognized carrier.

10 (b) Within 30 days after the producer has received
11 the original or additional notification, the producer may file
12 written comments concerning the substance of the notification
13 with the commissioner. The producer shall, by the same means,
14 simultaneously send a copy of the comments to the reporting
15 insurer, and the comments shall become a part of the
16 commissioner's file and accompany every copy of a report
17 distributed or disclosed for any reason about the producer as
18 permitted under Section 27-7-30.3.

19 §27-7-30.2.

20 (a) In the absence of actual malice, an insurer, the
21 authorized representative of the insurer, a producer, the
22 commissioner, or an organization of which the commissioner is
23 a member and that compiles the information and makes it
24 available to other insurance commissioners or regulatory or
25 law enforcement agencies shall not be subject to civil

1 liability, and a civil cause of action by a producer or other
2 person named in the report as having acted in concert with the
3 producer of any nature shall not arise against these entities
4 or their respective agents or employees, as a result of any
5 statement or information required by or provided pursuant to
6 Section 27-7-30, or any information relating to any statement
7 that may be requested in writing by the commissioner, from an
8 insurer or producer; or a statement by a terminating insurer
9 or producer to an insurer or producer limited solely and
10 exclusively to whether a termination for cause under Section
11 27-7-30 was reported to the commissioner, provided that the
12 propriety of any termination for cause under Section 27-7-30
13 is certified in writing by an officer or authorized
14 representative of the insurer or producer terminating the
15 relationship.

16 (b) In any action brought against a person that may
17 have immunity under subsection (a) for making any statement
18 required by this section or providing any information relating
19 to any statement that may be requested by the commissioner,
20 the party bringing the action shall plead specifically in any
21 allegation that subsection (a) does not apply because the
22 person making the statement or providing the information did
23 so with actual malice.

1 (c) Subsection (a) or (b) shall not abrogate or
2 modify any existing statutory or common law privileges or
3 immunities.

4 §27-7-30.3.

5 (a) Any documents, materials, or other information
6 in the control or possession of the Department of Insurance
7 that is furnished by an insurer, producer, or an employee or
8 agent thereof acting on behalf of the insurer or producer, or
9 obtained by the commissioner in an investigation pursuant to
10 Section 27-7-30, shall be confidential by law and privileged,
11 shall not be subject to any open records or freedom of
12 information laws, shall not be subject to subpoena, and shall
13 not be subject to discovery or admissible in evidence in any
14 private civil action. However, the commissioner is authorized
15 to use the documents, materials, or other information in the
16 furtherance of any regulatory or legal action brought as a
17 part of the commissioner's duties.

18 (b) Neither the commissioner nor any person who
19 received documents, materials, or other information while
20 acting under the authority of the commissioner shall be
21 permitted or required to testify in any private civil action
22 concerning any confidential documents, materials, or
23 information subject to subsection (a).

24 (c) With the exception of those documents created by
25 or at the request of a company specifically in connection with

1 the investigation of a producer pursuant to subsections (e) to
2 (h), inclusive, of Section 27-7-30, the confidentiality and
3 privileges extended to the documents pursuant to subsection
4 (a) above do not apply to documents, materials, or other
5 information in the control or possession of an insurer,
6 producer, or an employee or agent thereof, acting on behalf of
7 an insurer or producer. Copies of all documents, materials,
8 and information furnished to the Department of Insurance by an
9 insurer, producer, or an employee or agent on behalf of an
10 insurer or producer, shall be retained in their ordinary and
11 customary location by the insurer or producer for the period
12 provided by law.

13 (d) In order to assist in the performance of the
14 commissioner's duties under this chapter, the commissioner may
15 do any of the following:

16 (1) Share documents, materials, or other
17 information, including the confidential and privileged
18 documents, materials, or information subject to subsection
19 (a), with other state, federal, and international regulatory
20 agencies, with the NAIC, its affiliates or subsidiaries, and
21 with state, federal, and international law enforcement
22 authorities, provided that the recipient agrees to maintain
23 the confidentiality and privileged status of the document,
24 material, or other information.

(2) Receive documents, materials, or information, including otherwise confidential and privileged documents, materials, or information, from the NAIC, its affiliates or subsidiaries and from regulatory and law enforcement officials of other foreign or domestic jurisdictions, and shall maintain as confidential or privileged any document, material, or information received with notice or the understanding that it is confidential or privileged under the laws of the jurisdiction that is the source of the document, material, or information.

(3) Enter into agreements governing sharing and use of information consistent with this section.

(e) No waiver of any applicable privilege or claim of confidentiality in the documents, materials, or information shall occur as a result of disclosure to the commissioner under this section or as a result of sharing as authorized in subsection (c).

(f) Nothing in this chapter shall prohibit the commissioner from releasing final, adjudicated actions including for cause terminations that are open to public inspection to a database or other clearinghouse service maintained by the NAIC, its affiliates, or subsidiaries of the NAIC.

§27-7-30.4.

1 An insurer, the authorized representative of the
2 insurer, or producer that fails to report as required under
3 the provisions of Section 27-7-30, or that is found to have
4 reported with actual malice by a court of competent
5 jurisdiction may, after notice and hearing, have its license
6 or certificate of authority suspended or revoked and may be
7 fined in accordance with Section 27-1-12.

8 Section 9. Sections 27-7-33, 27-7-34, and 27-7-35,
9 Code of Alabama 1975, are amended to read as follows:

10 "§27-7-33.

11 "(a) A producer shall keep for a period of not less
12 than three years, or two years for business produced under
13 limited lines credit insurance authority, at his or her place
14 of business complete records pertaining to transactions under
15 the producer's license.

16 "(b) Upon the commissioner's request, the producer
17 shall furnish a verified copy of these records to the
18 commissioner to aid in the collection of all privilege taxes
19 due in this state.

20 "(c) The licensee shall exhibit to an insured, at
21 any reasonable time during business hours, records in the
22 producer's office pertaining to policies of the insured upon
23 the insured's demand.

24 "§27-7-34.

1 "(a) On an occasional basis, a producer may place
2 with an insurer for which he or she is not appointed only a
3 kind of insurance or classification thereof for which the
4 producer is licensed by placing the insurance through a duly
5 appointed producer of the insurer.

6 "(b) In addition to any other penalties provided
7 for, the licenses of any licensee violating or participating
8 in the violation of this section may be suspended or revoked
9 in the discretion of the commissioner; and, if so suspended or
10 revoked, the licenses shall not be restored for a period of at
11 least one year.

12 "(c) The commissioner may, by rules or regulations,
13 establish basic responsibilities and limitations for producers
14 operating under this section.

15 "§27-7-35.

16 "(a) No licensee shall divide with others or share
17 in any commissions payable on account of the exercise of a
18 license under this title except a producer may divide or share
19 in the commissions with other producers licensed as to the
20 same kinds of insurance or classifications thereof.

21 "(b) Violation of this section shall be punishable
22 as provided in subsection (b) of Section 27-7-34."

23 Section 10. Section 27-7-35.1 is added to the Code
24 of Alabama 1975, to read as follows:

25 §27-7-35.1.

1 (a) An insurance company or insurance producer shall
2 not pay a commission, service fee, brokerage, or other
3 valuable consideration to a person for selling, soliciting, or
4 negotiating insurance in this state if that person is required
5 to be licensed under this chapter and is not so licensed.

6 (b) A person shall not accept a commission, service
7 fee, brokerage, or other valuable consideration for selling,
8 soliciting, or negotiating insurance in this state if that
9 person is required to be licensed under this chapter and is
10 not so licensed.

11 (c) Renewal or other deferred commissions may be
12 paid to a person for selling, soliciting, or negotiating
13 insurance in this state if the person was required to be
14 licensed under this chapter at the time of the sale,
15 solicitation, or negotiation and was so licensed at that time.

16 (d) An insurer or insurance producer may pay or
17 assign commissions, service fees, brokerages, or other
18 valuable consideration to an insurance agency or to persons
19 who do not sell, solicit, or negotiate insurance in this
20 state, unless the payment would violate Chapter 12 of this
21 title.

22 (e) Any insurer or producer violating this section
23 shall be liable for a fine in an amount of up to three times
24 the amount of the commission paid. The fine shall be levied
25 and collected by the commissioner. Upon failure to pay the

1 fine the commissioner may, in his or her discretion, revoke
2 the license of the producer or the insurer's certificate of
3 authority, or both.

4 Section 11. Section 27-7-36, Code of Alabama 1975,
5 is amended to read as follows:

6 "§27-7-36.

7 "(a) All premiums, return premiums, or other funds
8 belonging to others received by a producer in transactions
9 under the producer's license shall be trust funds so received
10 by the licensee in a fiduciary capacity, and the licensee in
11 the applicable regular course of business shall account for
12 and pay the same to the insurer, insured, producer, or other
13 person entitled thereto.

14 "(b) Any producer who, not being lawfully entitled
15 thereto, diverts or appropriates such funds, or any portion
16 thereof, to his or her own use shall, upon conviction, be
17 guilty of theft of property punishable as provided in Article
18 1, commencing with Section 13A-8-1, of Chapter 8 of Title
19 13A."

20 Section 12. Sections 27-7-39 and 27-7-40 are added
21 to the Code of Alabama 1975, to read as follows:

22 §27-7-39.

23 (a) A producer shall report to the commissioner any
24 administrative action taken against the producer in another
25 jurisdiction or by another governmental agency in this state

1 within 30 days of the final disposition of the matter. This
2 report shall include a copy of the order, consent to order, or
3 other relevant legal documents.

4 (b) Within 30 days of the initial pretrial hearing
5 date, a producer shall report to the commissioner any criminal
6 prosecution of the producer taken in any jurisdiction. The
7 report shall include a copy of the initial complaint filed,
8 the order resulting from the hearing, and any other relevant
9 legal documents.

10 §27-7-40.

11 All fines collected pursuant to this chapter shall
12 be deposited to the credit of the State General Fund.

13 Section 13. Sections 27-5A-2, 27-6A-2, 27-6A-3,
14 27-6A-4, and 27-6A-5, Code of Alabama 1975, are amended to
15 read as follows:

16 "§27-5A-2.

17 "As used in this chapter, the following terms shall
18 have the following meanings, respectively, unless the context
19 clearly indicates otherwise:

20 "(1) ACTUARY. A person who is a member in good
21 standing of the American Academy of Actuaries.

22 "(2) COMMISSIONER. The Alabama Commissioner of
23 Insurance.

24 "(3) CONTROLLING PERSON. Any person, firm,
25 association, or corporation who directly or indirectly has the

1 power to direct or cause to be directed, the management,
2 control, or activities of the reinsurance intermediary.

3 "(4) INSURER. Any person, firm, association, or
4 corporation duly licensed in this state pursuant to the
5 applicable provisions of the insurance law as an insurer.

6 "(5) LICENSED PRODUCER. An insurance producer or
7 reinsurance intermediary licensed pursuant to the applicable
8 provision of the insurance law.

9 "(6) QUALIFIED U.S. FINANCIAL INSTITUTION. An
10 institution that:

11 "a. Is organized or, in the case of a U.S. office of
12 a foreign banking organization, licensed, pursuant to the laws
13 of the United States or any state.

14 "b. Is regulated, supervised, and examined by
15 federal or state authorities having regulatory authority over
16 banks and trust companies.

17 "c. Has been determined by either the commissioner,
18 or the Securities Valuation Office of the National Association
19 of Insurance Commissioners, to meet the standards of financial
20 condition and standing as are considered necessary and
21 appropriate to regulate the quality of financial institutions
22 whose letters of credit will be acceptable to the
23 commissioner.

24 "(7) REINSURANCE INTERMEDIARY. A reinsurance
25 intermediary-broker or a reinsurance intermediary-manager as

1 these terms are defined in subdivisions (8) and (9) of this
2 section.

3 "(8) REINSURANCE INTERMEDIARY-BROKER. Any person,
4 other than an officer or employee of the ceding insurer, firm,
5 association, or corporation who solicits, negotiates, or
6 places reinsurance cessions or retrocessions on behalf of a
7 ceding insurer without the authority or power to bind
8 reinsurance on behalf of such insurer.

9 "(9) REINSURANCE INTERMEDIARY-MANAGER. Any person,
10 firm, association, or corporation who has authority to bind or
11 manages all or part of the assumed reinsurance business of a
12 reinsurer (including the management of a separate division,
13 department, or underwriting office) and acts as an agent for
14 such reinsurer whether known as a reinsurance
15 intermediary-manager, manager, or other similar term.

16 Notwithstanding the above, the following persons shall not be
17 considered a reinsurance intermediary-manager, with respect to
18 such reinsurer, for the purposes of this chapter:

19 "a. An employee of the reinsurer.

20 "b. A U.S. manager of the United States branch of an
21 alien reinsurer.

22 "c. An underwriting manager which, pursuant to
23 contract, manages all or part of the reinsurance operations of
24 the reinsurer, is under common control with the reinsurer,

1 subject to Chapter 29 of this title, and whose compensation is
2 not based on the volume of premiums written.

3 "d. The manager of a group, association, pool, or
4 organization of insurers which engages in joint underwriting
5 or joint reinsurance , but only if the group, association,
6 pool, or organization of insurers (as distinguished from its
7 members) is subject to examination by the Commissioner of
8 Insurance of the state in which the manager's principal
9 business office is located.

10 "(10) REINSURER. Any person, firm, association, or
11 corporation duly licensed in this state pursuant to the
12 applicable provisions of the insurance law as an insurer with
13 the authority to assume reinsurance.

14 "(11) TO BE IN VIOLATION. The reinsurance
15 intermediary, insurer, or reinsurer for whom the reinsurance
16 intermediary was acting failed to substantially comply with
17 the provisions of this chapter.

18 "§27-6A-2.

19 "As used in this chapter, the following terms shall
20 have the following meanings, respectively, unless the context
21 clearly indicates otherwise:

22 "(1) ACTUARY. A person who is a member in good
23 standing of the American Academy of Actuaries.

24 "(2) INSURER. A person defined in subdivisions (2)
25 and (3) of Section 27-1-2.

1 "(3) MANAGING GENERAL AGENT. Any person, firm, or
2 association who does both of the following:

3 "a. Manages all or part of the insurance business of
4 an insurer (including the management of a separate division,
5 department, or underwriting office).

6 "b. Acts as a producer for an insurer whether known
7 as a managing general agent, manager, or other similar term,
8 who, with or without the authority, either separately or
9 together with affiliates, produces, directly or indirectly,
10 and underwrites an amount of gross direct written premium
11 equal to or more than five percent of the policyholder surplus
12 as reported in the last annual statement of the insurer in any
13 one quarter or year together with one or more of the following
14 activities related to the business produced:

15 "1. Adjusts or pays claims in excess of an amount
16 determined by the commissioner.

17 "2. Negotiates reinsurance on behalf of the insurer.

18 "c. Notwithstanding the above, the following persons
19 shall not be considered as managing general agents for the
20 purposes of this chapter:

21 "1. An employee of the insurer.

22 "2. A United States manager of the United States
23 branch of an alien insurer.

24 "3. An underwriting manager who, pursuant to
25 contract, manages all or part of the insurance operations of

1 the insurer, is under common control with the insurer, subject
2 to the Alabama Insurance Holding Company System Regulatory
3 Act, Chapter 29, commencing with Section 27-29-1, of this
4 title, and whose compensation is not based on the volume of
5 premiums written.

6 "4. The attorney-in-fact authorized by and acting
7 for the subscribers of a reciprocal insurer or inter-insurance
8 exchange under powers of attorney.

9 "(4) POLICYHOLDER SURPLUS. The excess of assets over
10 liabilities.

11 "(5) UNDERWRITE. The authority to accept or reject
12 risk on behalf of the insurer.

13 "§27-6A-3.

14 "(a) No person, firm, association, or corporation
15 shall act in the capacity of a managing general agent with
16 respect to risks located in this state for an insurer licensed
17 in this state unless then licensed in this state as a managing
18 general agent of the insurer.

19 "(b) No person, firm, association, or corporation
20 shall act in the capacity of a managing general agent
21 representing an insurer domiciled in this state with respect
22 to risks located outside this state unless then licensed in
23 this state as a managing general agent of the insurer. Where
24 applicable, the license may be a nonresident license pursuant
25 to this chapter.

1 "(c) The commissioner may require the managing
2 general agent to maintain a bond in an amount acceptable to
3 the commissioner for the protection of the insurer.

4 "(d) The commissioner may require the managing
5 general agent to maintain an errors and omissions policy.

6 "§27-6A-4.

7 "No person, firm, association, or corporation acting
8 in the capacity of a managing general agent shall place
9 business with an insurer unless there is in force a written
10 contract between the parties that sets forth the
11 responsibilities of each party and where both parties share
12 responsibility for a particular function, specifies the
13 division of such responsibilities, and that contains the
14 following minimum provisions:

15 "(a) The insurer may terminate the contract for
16 cause upon written notice to the managing general agent. The
17 insurer may suspend the underwriting authority of the managing
18 general agent during the pendency of any dispute regarding the
19 cause for termination.

20 "(b) The managing general agent shall render
21 accounts to the insurer detailing all transactions and remit
22 all funds due under the contract to the insurer on not less
23 than a monthly basis.

24 "(c) All funds collected for the account of an
25 insurer will be held by the managing general agent in a

1 fiduciary capacity in a bank that is a member of the Federal
2 Reserve System. This account shall be used for all payments on
3 behalf of the insurer. The managing general agent may retain
4 no more than three months estimated claims payments and
5 allocated loss adjustment expenses.

6 "(d) Separate records of business written by the
7 managing general agent shall be maintained. The insurer shall
8 have access and right to copy all accounts and records related
9 to its business in a form usable by the insurer and the
10 commissioner shall have access to all books, bank accounts,
11 and records of the managing general agent in a form usable to
12 the commissioner. The records shall be retained according to
13 Section 27-7-33.

14 "(e) The contract may not be assigned in whole or in
15 part by the managing general agent.

16 "(f) The contract shall contain appropriate
17 underwriting guidelines including the following:

18 "(1) The maximum annual premium volume.

19 "(2) The basis of the rates to be charged.

20 "(3) The types of risks that may be written.

21 "(4) Maximum limits of liability.

22 "(5) Applicable exclusions.

23 "(6) Territorial limitations.

24 "(7) Policy cancellation provisions.

25 "(8) The maximum policy period.

1 "(g) The insurer shall have the right to
2 cancellation or non-renewal of any policy of insurance subject
3 to the applicable laws and regulations concerning the
4 cancellation and non-renewal of insurance policies.

5 "(h) If the contract permits the managing general
6 agent to settle claims on behalf of the insurer:

7 "(1) All claims shall be reported to the company in
8 a timely manner.

9 "(2) A copy of the claim file shall be sent to the
10 insurer at its request or as soon as it becomes known to the
11 managing general agent that the claim:

12 "a. Has the potential to exceed an amount determined
13 by the commissioner or exceeds the limit set by the company,
14 whichever is less.

15 "b. Involves a coverage dispute.

16 "c. May exceed the managing general agent's claims
17 settlement authority.

18 "d. Has been open for more than six months.

19 "e. Is closed by payment of an amount set by the
20 commissioner or an amount set by the company, whichever is
21 less.

22 "(3) All claim files shall be the joint property of
23 the insurer and managing general agent. Upon an order of
24 liquidation of the insurer, the files shall become the sole
25 property of the insurer or its estate. The managing general

1 agent shall have reasonable access to and the right to copy
2 the files on a timely basis.

3 "(4) Any settlement authority granted to the
4 managing general agent may be terminated for cause upon the
5 insurer's written notice to the managing general agent or upon
6 the termination of the contract. The insurer may suspend the
7 settlement authority during the pendency of any dispute
8 regarding the cause for termination.

9 "(i) Where electronic claims files are in existence,
10 the contract shall address the timely transmission of the
11 data.

12 "(j) If the contract provides for a sharing of
13 interim profits by the managing general agent, and the
14 managing general agent has the authority to determine the
15 amount of the interim profits by establishing loss reserves or
16 controlling claim payments, or in any other manner, interim
17 profits shall not be paid to the managing general agent until
18 one year after they are earned for property insurance business
19 and five years after they are earned on casualty business and
20 not until the profits have been verified pursuant to Section
21 27-6A-5.

22 "(k) The managing general agent shall not:

23 "(1) Bind reinsurance or retrocessions on behalf of
24 the insurer, except that the managing general agent may bind
25 facultative reinsurance contracts pursuant to obligatory

1 facultative agreements if the contract with the insurer
2 contains reinsurance underwriting guidelines including, for
3 both reinsurance assumed and ceded, a list of reinsurers with
4 which such automatic agreements are in effect, the coverages
5 and amounts or percentages that may be reinsured and
6 commission schedules.

7 "(2) Commit the insurer to participate in insurance
8 or reinsurance syndicates.

9 "(3) Appoint any producer without assuring that the
10 producer is lawfully licensed to transact the type of
11 insurance for which he or she is appointed.

12 "(4) Without prior approval of the insurer, pay or
13 commit the insurer to pay a claim over a specified amount, net
14 of reinsurance, which shall not exceed one percent of the
15 insurer's policyholder's surplus as of December 31 of the last
16 completed calendar year.

17 "(5) Collect any payment from a reinsurer or commit
18 the insurer to any claim settlement with a reinsurer without
19 prior approval of the insurer. If prior approval is given, a
20 report shall be promptly forwarded to the insurer.

21 "(6) Permit its subagent to serve on the insurer's
22 board of directors.

23 "(7) Jointly employ an individual who is employed by
24 the insurer.

25 "(8) Appoint a sub-managing general agent.

1 "§27-6A-5.

2 "Insurers shall have the following duties:

3 "(1) The insurer shall have on file an independent
4 financial examination, in a form acceptable to the
5 commissioner, of each managing general agent with which it has
6 done business.

7 "(2) If a managing general agent establishes loss
8 reserves, the insurer shall annually obtain the opinion of an
9 actuary attesting to the adequacy of loss reserves established
10 for losses incurred and outstanding on business produced by
11 the managing general agent. This is in addition to any other
12 required loss reserve certification.

13 "(3) The insurer shall periodically, and at least
14 semi-annually, conduct an on-site review of the underwriting
15 and claims processing operations of the managing general
16 agent.

17 "(4) Binding authority for all reinsurance contracts
18 or participation in insurance or reinsurance syndicate shall
19 rest with an officer of the insurer, who shall not be
20 affiliated with the managing general agent.

21 "(5) Within 30 days of entering into or terminating
22 a contract with a managing general agent, the insurer shall
23 provide written notification of the appointment or termination
24 to the commissioner. Notices of appointment of a managing
25 general agent shall include a statement of duties which the

1 applicant is expected to perform on behalf of the insurer, the
2 lines of insurance for which the applicant is to be authorized
3 to act, and any other information the commissioner may
4 request.

5 "(6) An insurer shall review its books and records
6 each quarter to determine if any producer has become, by
7 operation of subdivision (3) of Section 27-6A-2, a managing
8 general agent as defined in that section. If the insurer
9 determines that a producer has become a managing general
10 agent, the insurer shall promptly notify the producer and the
11 commissioner of the determination and the insurer and the
12 producer shall fully comply with the provisions of this
13 chapter within 30 days of the notification.

14 "(7) An insurer shall not appoint to its board of
15 directors an officer, director, employee, subagent, or
16 controlling shareholder of its managing general agents. This
17 subsection shall not apply to relationships governed by the
18 Alabama Insurance Holding Company System Regulatory Act,
19 Chapter 29, commencing with Section 27-29-1, of this title."

20 Section 14. Sections 27-8A-1, 27-8A-2, 27-8A-3,
21 27-8A-4, 27-8A-6, 27-8A-9, and 27-8A-13, Code of Alabama 1975,
22 are amended to read as follows:

23 "§27-8A-1.

24 "(a) Any natural person licensed in this state as an
25 insurance producer or service representative for the lines of

1 insurance listed in subsection (b), and not exempt under
2 subsection (c), shall satisfactorily complete a minimum of 12
3 classroom hours per year of courses, programs of instruction,
4 or seminars as may be approved by the commissioner pursuant to
5 this chapter. No person holding licenses for more than one
6 line or type of insurance shall be required to complete a
7 greater number of classroom hours than is required of a person
8 holding a license for a single line or type of insurance.

9 "(b) This chapter shall apply to all natural persons
10 licensed in this state as insurance producers and service
11 representatives for the following kinds of insurance:

12 "(1) The life lines of authority.

13 "(2) The property lines of authority.

14 "(3) All other lines of insurance for which an
15 examination is required for licensing.

16 "(4) Any combination thereof.

17 "(c) The continuing education requirements of this
18 chapter shall not apply to:

19 "(1) Any person exempt from licensing pursuant to
20 subsection (b) of Section 27-3-27.

21 "(2) Any person licensed only for any kind or kinds
22 of insurance for which an examination is not required by law
23 of this state.

1 "(3) Any person licensed only for limited lines
2 insurance, industrial fire (commonly known as debit fire)
3 insurance, or any combination thereof.

4 "(4) All producers and service representatives
5 licensed in this state for 15 years and at least 60 years of
6 age or older.

7 "(5) Any person who holds a designation as a
8 Chartered Property and Casualty Underwriter, Certified
9 Insurance Counselor, Chartered Life Underwriter, Chartered
10 Financial Consultant, Certified Financial Planner, Registered
11 Health Underwriter, Registered Employee Benefits Consultant,
12 Certified Health Consultant, or Associate Risk Manager.

13 "(6) Newly licensed producers and service
14 representatives for 12 months following the effective date of
15 their license.

16 "(7) Officers of insurers who are not engaged in the
17 active sale of products.

18 "(d) Up to 12 hours of excess classroom hours
19 completed during any one-year period may be carried forward to
20 the next year.

21 "(e) In lieu of the 12 hours required in subsection
22 (a), any producer or service representative employed by
23 another producer or by an insurer to work only in the office
24 of the employer and who is not licensed as a nonresident in

any other state shall satisfactorily complete a minimum of 6
classroom hours per year.

"§27-8A-2.

"(a) Any person failing to meet the requirements
imposed by this chapter, and who has not been granted an
extension of time pursuant to this chapter, or who has
submitted to the commissioner a false or fraudulent
certificate of compliance shall, after a hearing thereon which
hearing may be waived by the person, be subjected to the
suspension of all licenses issued for any kind or kinds of
insurance, and no further license shall be issued to the
person for any kind or kinds of insurance until the person
shall have demonstrated to the satisfaction of the
commissioner that he or she has complied with all of the
requirements of the chapter and all other laws applicable
thereto.

"(b) The commissioner may grant a three-month
extension for complying with the continuing education
requirement under this chapter. To receive an extension under
this subsection, a licensee shall file a request with the
commissioner on a form provided by the commissioner. After a
licensee files a request for an extension, the license of the
licensee remains in effect until the commissioner makes a
decision on the request. If the commissioner denies a
licensee's request for an extension, the licensee shall

1 complete continuing education requirements under this chapter
2 within thirty days after the commissioner notifies the
3 licensee of the denial.

4 "(c) The commissioner may grant an extension for
5 more than three months upon a showing that the licensee is
6 unable to perform the normal duties of an insurance producer
7 or upon other similar special circumstances as may be approved
8 by the commissioner.

9 "§27-8A-3.

10 "The courses or programs subject to this chapter
11 shall include any course, seminar, industry recognized
12 certification program, and out-of-state reciprocal program,
13 program of classroom instruction, or independent self-study
14 course authorized, developed, or sanctioned by an authorized
15 insurer or recognized statewide association of insurance
16 producers and shall, subject to the approval of the
17 commissioner, qualify for the equivalency of the number of
18 classroom hours assigned thereto by the commissioner. Any
19 independent self-study course authorized, developed, or
20 sanctioned by any authorized insurers or recognized state
21 producers association, which includes an appropriate testing
22 instrument administered by a third party proctor requiring a
23 passing grade of 70 percent to successfully complete and is
24 approved by the commissioner, shall qualify for the
25 equivalency of the number of classroom hours assigned thereto

1 by the commissioner. Programs or courses shall be directly
2 related to the producer's insurance product and contribute to
3 the technical competence of the producer. All courses, course
4 providers, and certifications, pursuant to this chapter, are
5 subject to audit by the commissioner at any time. Course or
6 course providers may be disqualified at the discretion of the
7 commissioner. The commissioner may contract for computer
8 services and equipment necessary to administer the provisions
9 of this chapter, but there shall be no additional cost or fee
10 to licensees except as otherwise specifically provided in this
11 title.

12 "§27-8A-4.

13 "The commissioner shall appoint an advisory
14 committee to advise him or her on continuing education and
15 other insurance matters to consist of the following members:
16 one representative of a statewide association of life and
17 health insurance producers, one representative of a statewide
18 association of property and casualty insurance producers, one
19 representative of an association of Alabama-based life
20 insurance companies, one representative of a property and
21 casualty insurance company, one representative of a statewide
22 association representing health insurance producers, one
23 member of the Alabama Senate and one member of the Alabama
24 House of Representatives. Members of this committee shall be
25 appointed for terms concurrent with the term of office of the

Governor of the State of Alabama and shall be entitled to a per diem allowance equal to the per diem allowance paid to state employees in the amount current at the time of the meeting.

"§27-8A-6.

"The department's application for a license renewal form shall include a question asking if the producer has met the state's continuing education requirements as set forth in this chapter, and by signing the application, he or she certifies the answer of yes or no as being a correct statement. Such certification statement may be answered either by the producer, the employer of the producer, or any insurer with which the producer is appointed. In answering the certification statement, the employer or insurer shall be entitled to rely on and act upon the oral or written statement of the producer regarding whether the producer has met the state's continuing education requirements, what courses, programs, or seminars of instruction were taken and the number of hours involved. Neither the employer nor the insurer shall be responsible or liable in any way for the failure of any producer to meet the requirements or to maintain the necessary records. No employer or insurer shall be required to investigate or inquire whether the producer has met the requirements specified herein prior to the agent becoming licensed as a producer for the employer or insurer. The

1 responsibility for complying with the requirements of this
2 chapter shall rest solely on the producer.

3 "§27-8A-9.

4 "(a) The commissioner shall collect the following
5 fees in the administration and enforcement of this chapter:

6 "(1) License renewal fees paid in connection with
7 the annual application for license renewal by producers and
8 service representatives..... \$20

9 "(2) Late filing fee to be paid by each producer and
10 service representative failing to make a timely filing of the
11 compliance form..... \$50

12 "(3) Provider authority initial filing fee, a
13 one-time fee to be paid by each education course provider for
14 authority to offer continuing education courses in this
15 state..... \$300

16 "(4) Provider authority annual renewal fee, to be
17 paid by each education course provider for continuation of
18 authority to offer continuing education courses in this
19 state..... \$100

20 "(5) Course approval filing fee, to be paid by the
21 provider for the approval of each education course or program
22 to be offered in this state (one-time fee per course, with no
23 need for renewal)..... \$50

1 "(b) The fees specified in subsection (a) of this
2 section shall be deposited in the State Treasury to the credit
3 of the Insurance Department Fund.

4 "§27-8A-13.

5 "The commissioner may conduct background
6 investigations, to include criminal history inquiries, for all
7 applicants for license as an insurance producer prior to the
8 issuance of the license."

9 Section 15. Sections 10-4-111, 22-21-376, 27-2-16,
10 27-3-27, 27-4-2, 27-10-24, 27-10-25, 27-10-32, 27-12-17,
11 27-21A-14, 27-30-32, 27-31A-12, 27-34-43, 27-39-7, and
12 27-43-14, Code of Alabama 1975, are amended to read as
13 follows:

14 "§10-4-111.

15 "Persons representing a health care service
16 corporation organized under the provisions of this article in
17 writing or soliciting health care certificates for said
18 corporation, and the health care service corporation with
19 respect thereto, shall be subject to the provisions of
20 Chapters 7 and 8A of Title 27.

21 "§22-21-376.

22 "Persons representing or aiding a dental services
23 corporation in the solicitation of dental service contracts in
24 this state and the dental services corporation with respect
25 thereto shall be subject to the provisions of Chapters 7 and

1 8A of Title 27, except that dental services corporation
2 producers shall be exempt from the 40-hour pre-licensing
3 course and written examination requirements of Chapter 7 and
4 the continuing education requirements of Chapter 8A, Title 27.

5 "§27-2-16.

6 "(a) The commissioner shall have printed or
7 otherwise published for public distribution all of the
8 following:

9 "(1) The insurance laws of this state.

10 "(2) The rules and regulations of the commissioner.

11 "(3) A directory, annually, of all insurers and of
12 all resident insurance producers authorized or licensed by
13 this state.

14 "(4) Any other material the commissioner deems
15 relevant and suitable for the more effective administration of
16 the laws relating to insurance.

17 "(b) The commissioner shall fix at a price at not
18 less than cost of printing and distribution, to be paid by
19 persons requesting copies of the insurance laws, regulations,
20 and other publications the commissioner deems proper to sell
21 on behalf of the state rather than distribute free of charge;
22 except that the commissioner may furnish, without charge,
23 copies of any such publication to the Legislature or to
24 officials and departments of government or political
25 subdivisions of this state or of other states, of the federal

1 government or of foreign countries. The commissioner shall
2 promptly deposit all monies so received in the State Treasury
3 with 50 percent credited to the State General Fund and 50
4 percent credited to the Insurance Department Fund.

5 "(c) In complying with this section, the
6 commissioner may, in lieu of printing the above information,
7 provide access to the information by way of the Internet.

8 "§27-3-27.

9 "(a) No insurer shall, in this state, directly or
10 indirectly, accept applications for insurance, negotiate for
11 or issue any policy or contract of insurance or assume direct
12 liability as to a subject of insurance resident, located, or
13 to be performed in this state unless through insurance
14 producers duly licensed under the provisions of this title.

15 "(b) This section shall not apply to title insurance
16 or insurance of the rolling stock, vessels, or aircraft of any
17 common carrier in interstate or foreign commerce or covering
18 any liability or other risks incident to the ownership,
19 maintenance, or operation thereof. This section shall not
20 apply as to life or disability insurance not delivered or
21 issued for delivery in this state and lawfully solicited
22 outside this state.

23 "§27-4-2.

24 "(a) The Commissioner of Insurance shall collect in
25 advance fees, licenses, and miscellaneous charges as follows:

1	"(1) Certificate of authority:	
2	"a. Initial application for	\$500
3	original certificate of au-	
4	thority, including the filing	
5	with the commissioner of all	
6	documents incidental thereto	
7	"b. Issuance of original cer-	500
8	tificate of authority	
9	"c. Annual continuation or	500
10	renewal fee	
11	"d. Reinstatement fee	500
12	"(2) Charter documents, filing	25
13	with the commissioner amend-	
14	ment to articles of incorpora-	
15	tion or of association, or of	
16	other charter documents or to	
17	bylaws	
18	"(3) Solicitation permit, fil-	250
19	ing application and issuance	
20	"(4) Annual statement of in-	25
21	surer, except when filed as	
22	part of application for origi-	
23	nal certificate of authority,	
24	filing	
25	"(5) Producer licenses (resi-	
26	dent or nonresident):	
27	"a. Individuals:	

1	"1. Application fee (For fil-	20
2	ing of initial application for	
3	license)	
4	"2. License fee (For issuance	20
5	of original license)	
6	"b. Business entities:	
7	"1. Application fee (For fil-	20
8	ing of initial application for	
9	license)	
10	"2. License fee (For original	50
11	license and each annual re-	
12	newal)	
13	"c. Examination fees (For	50
14	producer examination or reex-	
15	amination, each classification	
16	of examination)	
17	"(6) Producer appointment fee:	
18	"a. Filing notice of appoint-	30
19	ment	
20	"b. Annual continuation of	10
21	appointment	
22	"(7) Reinsurance intermediary	
23	license:	
24	"a. Filing application for li-	30
25	cense	
26	"b. Issuance of initial li-	140
27	cense	
28	"c. Annual continuation of	100

1	license	
2	"(8) Managing general agent's	
3	license:	
4	"a. Application fee (For fil-	30
5	ing of initial application	
6	for license, each insurer)	
7	"b. Issuance of initial li-	125
8	cense, each insurer	
9	"c. Annual continuation of	75
10	license, each insurer	
11	"(9) Service representative's	
12	license:	
13	"a. Application fee (For fil-	20
14	ing of initial application for	
15	license, each insurer	
16	"b. Appointment fee, property	30
17	and casualty, each insurer	
18	(For original appointment and	
19	each annual renewal)	
20	"(10) Surplus line broker:	
21	"a. Application fee (For fil-	20
22	ing of initial application for	
23	license)	
24	"b. License fee (For original	
25	license and each annual re-	
26	newal):	
27	"1. Individual licensees	200
28	"2. Business entity licensees	500 plus \$50 for each individ-
		ual producer acting under the

business entity license

29 "(11) Adjusters:
 30 "a. Application fee (For fil- 20
 31 ing of initial application for
 32 license)
 33 "b. License fee (For original 40
 34 license and each annual re-
 35 newal)
 36 "(12) Miscellaneous services:
 37 "a. For copies of documents, 1
 38 records on file in insurance
 39 department, per page
 40 "b. For each certificate under 5
 41 seal of the commissioner,
 42 other than licenses

43 "(13) The commissioner is hereby authorized and
 44 directed to collect a fee of twenty-five dollars (\$25) when,
 45 in acting as agent for service of process for any insurance
 46 company, fraternal benefit society, mutual aid association,
 47 nonresident producer, or nonresident surplus line broker, he
 48 or she accepts the service of legal process as provided by the
 49 laws of this state. The commissioner shall refuse to receive
 50 and file or serve any process unless the process is
 51 accompanied by the aforementioned fee, which shall be taxed as
 52 costs in the action.

"(b) The commissioner shall promptly pay all fees and licenses collected under this section into the State Treasury with 50 percent credited to the General Fund and 50 percent credited to the Insurance Department Fund.

"§27-10-24.

"(a) Any person, while licensed as a resident insurance producer in this state for the property lines of authority and who is deemed by the commissioner to have had sufficient experience in the insurance business to be competent for the purpose may be licensed as a surplus line broker for the types and kinds of insurance that he or she as a resident producer is licensed to handle as follows:

"(1) Application to the commissioner for the license shall be made on forms as designated and furnished by the commissioner.

"(2) License fee in the amount stated in Section 27-4-2 shall be paid to the commissioner. The license shall expire on December 31 next after its issue.

"(3) Prior to the issuance of the license, the applicant shall file with the commissioner, and thereafter for as long as any license remains in effect he or she shall keep in force and unimpaired, a bond in favor of the State of Alabama in the penal sum of at least fifty thousand dollars (\$50,000), aggregate liability, with authorized corporate sureties approved by the commissioner. The amount of the bond may be increased if deemed necessary by the commissioner, considering the amount of surplus lines tax paid in previous

1 years. The bond shall be conditioned that the broker will
2 conduct business under the license in accordance with the
3 provisions of the surplus line insurance law and that he or
4 she will promptly remit the taxes as provided by the law. No
5 bond shall be terminated unless at least 30 days' prior
6 written notice thereof is given to the broker and the
7 commissioner.

8 "(b) A business entity acting as a surplus line
9 broker shall designate each licensed individual producer
10 acting under the license, each of whom shall be responsible
11 for the business entity's compliance with the insurance laws,
12 rules, and regulations of this state. A separate fee shall be
13 paid for each individual producer acting under a business
14 entity license as surplus line broker, as set forth in Section
15 27-4-2.

16 "(c) (1) Each licensed nonresident surplus line
17 broker shall be considered to have performed acts equivalent
18 to and constituting an appointment of the commissioner as his
19 or her attorney to receive service of legal process issued
20 against the nonresident in this state upon causes of action
21 arising within this state out of transactions under the
22 nonresident's surplus line broker license. Service upon the
23 commissioner as such attorney shall constitute effective legal
24 service upon the nonresident.

25 "(2) The appointment shall be irrevocable for as
26 long as there may be any such cause of action in this state
27 against the nonresident.

1 "(3) Service of process under this section shall be
2 made by leaving three copies of the summons and complaint, or
3 other process, with the commissioner, along with payment of
4 the fee prescribed in Section 27-4-2, and the service shall be
5 sufficient service upon the nonresident if notice of the
6 service and a copy of the summons and complaint or other
7 process are sent by registered or certified mail to the
8 defendant by the commissioner; and the defendant's return and
9 the certificate of the commissioner certifying compliance
10 herewith shall be filed in the office of the clerk of court,
11 or in the court or tribunal wherein the action is pending. The
12 certificate of the commissioner shall show the date of the
13 mailing by registered or certified mail of the notice of the
14 service and copy of the summons and complaint, or other
15 process, to the nonresident defendant and the date of the
16 receipt of the return card and shall be signed by the
17 commissioner. The commissioner may give the nonresident
18 defendant notice of the service upon him or her, in lieu of
19 the notice of service provided for herein to be given by
20 registered or certified mail, in the following manner:

21 "a. By having a notice of service and a copy of the
22 summons and complaint, or other process, served upon the
23 nonresident defendant, if found within the State of Alabama,
24 by any officer duly qualified to serve legal process within
25 the State of Alabama or, if the nonresident defendant is found
26 to be outside of the State of Alabama, by a sheriff, deputy
27 sheriff, or United States marshal or deputy United States

1 marshal, or any duly constituted officer qualified to serve
2 like process in the state or the jurisdiction where the
3 nonresident defendant is found.

4 "b. The officer's return showing service, when made,
5 shall be filed in the office of the clerk of the court, or in
6 the court or tribunal wherein the action is pending, on or
7 before the return day of the process or as the court or
8 tribunal may allow, and the court or tribunal in which the
9 action is pending may order a continuance, or continuances, as
10 may be necessary to afford the nonresident defendant
11 reasonable opportunity to defend the action.

12 "(4) The commissioner shall keep on file for a
13 period of not less than three years a copy of the summons and
14 complaint or other process served upon the commissioner,
15 together with a record of all such process and of the day,
16 hour, and manner of service.

17 "§27-10-25.

18 "A licensed surplus line broker may accept and place
19 surplus line business for any insurance producer licensed in
20 this state for the kind and class of insurance involved and
21 may compensate the producer therefor. No producer shall
22 knowingly misrepresent to the broker any material fact
23 involved in any insurance or in the eligibility thereof for
24 placement with an unauthorized insurer.

25 "§27-10-32.

1 "(a) The commissioner may revoke or suspend any
2 surplus line broker's license for any one or more of the
3 following:

4 "(1) If the broker fails to file an annual statement
5 or to remit the tax as required by law.

6 "(2) If the broker fails to keep the records or to
7 allow the commissioner to examine the broker's records as
8 required by law.

9 "(3) For any of the causes for which a producer's
10 license may be revoked.

11 "(b) The commissioner may suspend or revoke the
12 broker's license if the commissioner finds that the broker
13 has, willfully or without exercise of due care, placed any
14 insurance coverage with an unauthorized insurer in violation
15 of any of the requirements or conditions of Section 27-10-20.

16 "(c) The procedures and rights provided by Section
17 27-7-19 as for the suspension or revocation of producers'
18 licenses shall be applicable to suspension or revocation of a
19 surplus line broker's license.

20 "(d) No broker whose license has been so revoked
21 shall again be so licensed within one year thereafter nor
22 until any fines or delinquent taxes owing by the broker have
23 been paid.

24 "§27-12-17.

25 "(a) No person shall willfully collect any sum as
26 premium or charge for insurance which insurance is not then
27 provided or is not in due course to be provided, subject to

1 acceptance of the risk by the insurer, by an insurance policy
2 issued by an insurer as permitted by this title.

3 " (b) No person shall willfully collect as premium or
4 charge for insurance any sum in excess of the premium or
5 charge applicable to the insurance and as specified in the
6 policy in accordance with the applicable classifications and
7 rates as filed with, and approved by, the commissioner or, in
8 cases where classifications, premiums, or rates are not
9 required by this title to be so filed and approved. The
10 premiums and charges shall not be in excess of those specified
11 in the policy and as fixed by the insurer. This section shall
12 not be deemed to prohibit the charging and collection by
13 surplus line brokers licensed under Chapter 10 of this title
14 of the amount of applicable state and federal taxes in
15 addition to the premium required by the insurer; nor shall it
16 be deemed to prohibit the charging and collection by a life
17 insurer of amounts actually to be expended for medical
18 examination of an applicant for life insurance or for
19 reinstatement of a life insurance policy; nor shall it be
20 deemed to prohibit an Alabama licensed producer from charging
21 a collection fee of up to one and one-half percent per month
22 on unpaid balances for insurance premiums; nor shall it be
23 deemed to prohibit the charging of administrative fees by an
24 Alabama licensed producer to process property and casualty
25 insurance applications when the fees have been approved by the
26 commissioner.

1 "(c) Each violation of this section shall be
2 punishable under Section 27-1-12.

3 "§27-21A-14.

4 "(a) Unless exempted pursuant to subsection (c) of
5 this section, health maintenance organizations in this state
6 shall only solicit enrollees or otherwise market their
7 services through producers duly licensed in accordance with
8 Chapters 7 and 8A of this title.

9 "(b) The commissioner shall, after notice and
10 hearing, promulgate such reasonable rules and regulations as
11 are necessary to provide for the licensing of producers.

12 "(c) The commissioner may, by rule, exempt certain
13 classes of persons from the requirement of obtaining a license
14 for either of the following reasons:

15 "(1) If the functions they perform do not require
16 special competence, trustworthiness, or the regulatory
17 surveillance made possible by licensing.

18 "(2) If other existing safeguards make regulation
19 unnecessary.

20 "(d) Nothing in this section shall be deemed to
21 prohibit a health maintenance organization from advertising.

22 "§27-30-32.

23 "Persons representing or aiding a mutual aid
24 association in the solicitation of business and the mutual aid
25 association with respect thereto shall be subject to the
26 provisions of Chapters 7 and 8A of this title.

27 "§27-31A-12.

1 "(a) Risk retention groups. - Persons representing
2 or aiding a risk retention group in the solicitation or
3 negotiation of liability insurance in this state and the risk
4 retention group with respect thereto shall be subject to the
5 provisions of Chapters 7 and 8A of this title.

6 "(b) Purchasing groups.

7 "(1) No person, firm, association, or corporation
8 shall act or aid in any manner in soliciting, negotiating, or
9 procuring liability insurance in this state for a purchasing
10 group from an authorized insurer or a risk retention group
11 chartered in a state unless the person, firm, association, or
12 corporation is licensed as an insurance producer in accordance
13 with Chapter 7, commencing with Section 27-7-1 of this title.

14 "(2) No person, firm, association, or corporation
15 shall act or aid in any manner in soliciting, negotiating, or
16 procuring liability insurance coverage in this state for any
17 member of a purchasing group under a purchasing group's policy
18 unless that person, firm, association, or corporation is
19 licensed as an insurance producer in accordance with Chapter
20 7, commencing with Section 27-7-1 of this title.

21 "(3) No person, firm, association, or corporation
22 shall act or aid in any manner in soliciting, negotiating, or
23 procuring liability insurance from an insurer not authorized
24 to do business in this state on behalf of a purchasing group
25 located in this state unless the person, firm, association, or
26 corporation is licensed as a surplus line broker in accordance

1 with Chapter 10, commencing with Section 27-10-1 of this
2 title.

3 "(c) Residence requirement. - For purposes of acting
4 as a producer for a risk retention group or purchasing group,
5 pursuant to subsections (a) and (b) of this section, any
6 requirement of residence in this state shall not apply.

7 "(d) Notice. - Every person, firm, association, or
8 corporation licensed, pursuant to the provisions of Chapter 7,
9 commencing with Section 27-7-1 of this title, on business
10 placed with risk retention groups or written through a
11 purchasing group, shall inform each prospective insured of the
12 provisions of the notice required by subdivision (6) of
13 Section 27-31A-4 in the case of a risk retention group and
14 subsection (b) of Section 27-31A-9 in the case of a purchasing
15 group.

16 "§27-34-43.

17 "Persons representing a fraternal benefit society in
18 the solicitation of applications for insurance or annuities
19 and the fraternal benefit society with respect thereto shall
20 be subject to the provisions of Chapters 7 and 8A of this
21 title.

22 "§27-39-7.

23 "Persons representing any automobile club or
24 association in soliciting automobile club or association
25 memberships and the automobile club or association with
26 respect thereto shall be subject to the provisions of Chapters
27 7 and 8A of this title, except that automobile club or

1 association producers shall be exempt from the 40-hour
2 pre-licensing course and written examination requirements of
3 Chapter 7 and the continuing education requirements of Chapter
4 8A of this title.

5 "§27-43-14.

6 "Persons representing or aiding a legal service
7 insurance corporation in the solicitation of legal expense
8 insurance contracts in this state and the legal service
9 insurance corporation with respect thereto shall be subject to
10 the provisions of Chapters 7 and 8A of this title, except that
11 legal service insurance corporation producers shall be exempt
12 from the 40-hour pre-licensing course and written examination
13 requirements of Chapter 7 of this title and the continuing
14 education requirements of Chapter 8A of this title."

15 Section 16. Sections 22-21-377, 22-21-378,
16 22-21-379, 22-21-380, 22-21-381, 27-3-28, 27-7-3, 27-7-6,
17 27-7-7, 27-7-8, 27-7-9, 27-7-10, 27-7-10.1, 27-7-11, 27-7-12,
18 27-7-13, 27-7-15, 27-7-18, 27-7-25, 27-7-27, 27-7-31, 27-7-32,
19 all of Chapter 8 of Title 27, 27-8A-10, 27-8A-12, 27-34-44,
20 27-43-15, 27-43-16, 27-43-17, 27-43-18, 27-43-19, and
21 27-43-20, Code of Alabama 1975, are hereby repealed.

22 Section 17. (a) Every agent, broker, and solicitor
23 license in force immediately prior to the effective date of
24 this act and existing under any law herein repealed or amended
25 is valid until its original expiration date, unless earlier
26 terminated in accordance with applicable law. Upon the first
27 renewal under this act, the respective licenses shall be

1 replaced by a producer license in form as provided by this
 2 act, and shall thereafter be subject to continuation,
 3 suspension, revocation, or termination as though originally
 4 issued under this act.

5 (b) Any agent appointment in place immediately prior
 6 to the effective date of this act and existing under any law
 7 herein repealed or amended is valid until its original
 8 expiration date, unless earlier terminated in accordance with
 9 applicable law. Upon the first renewal under this act, the
 10 agent appointment shall be replaced by a producer appointment
 11 in form as provided by this act, and shall thereafter be
 12 subject to continuation or termination as though originally
 13 issued under this act, as follows:

14 (1) A life agent appointment shall be replaced with
 15 a life producer appointment.

16 (2) A disability agent appointment shall be replaced
 17 with an accident and health or sickness (commonly known as
 18 disability) producer appointment.

19 (3) A credit life agent appointment shall be
 20 replaced with a credit producer appointment.

21 (4) A credit disability agent appointment shall be
 22 replaced with a credit producer appointment.

23 (5) A variable annuities agent appointment shall be
 24 replaced with a variable life and variable annuity products
 25 producer appointment.

(6) A comprehensive property, casualty, and surety agent appointment shall be replaced with a property and a casualty producer appointment.

(7) An automobile (full coverage) agent appointment shall be replaced with an automobile producer appointment.

(8) An industrial fire (commonly known as debit fire) agent appointment shall be replaced with an industrial fire (commonly known as debit fire) producer appointment.

(9) A bail bond agent appointment shall be replaced with a bail bond producer appointment.

(10) A physical damage on household goods agent appointment shall be replaced with a credit producer appointment.

(11) An automobile physical damage only agent appointment shall be replaced with a credit producer appointment.

(12) A credit property and casualty agent appointment shall be replaced with a credit producer appointment.

(13) A rental vehicle agent appointment shall be replaced with a rental vehicle producer appointment.

(c) Every service representative license in force immediately prior to the effective date of this act and existing under any law herein repealed or amended is valid until its original expiration date, unless earlier terminated in accordance with applicable law. Upon the first renewal under this act, the respective licenses shall be replaced by a

1 service representative license in form as provided by this
2 act, and shall thereafter be subject to continuation,
3 suspension, revocation or termination as though originally
4 issued under this act.

5 (d) Any service representative appointment in place
6 immediately prior to the effective date of this act and
7 existing under any law herein repealed or amended is valid
8 until its original expiration date, unless earlier terminated
9 in accordance with applicable law. Upon the first renewal
10 under this act, the service representative appointment shall
11 be replaced by a service representative appointment in form as
12 provided by this act, and shall thereafter be subject to
13 continuation or termination as though originally issued under
14 this act, as follows:

15 (1) A comprehensive property, casualty, and surety
16 service representative appointment shall be replaced with a
17 property and a casualty service representative appointment.

18 (2) An automobile (full coverage) service
19 representative appointment shall be replaced with an
20 automobile service representative appointment.

21 (3) An industrial fire (commonly known as debit
22 fire) service representative appointment shall be replaced
23 with an industrial fire (commonly known as debit fire) service
24 representative appointment.

25 (4) A bail bond service representative appointment
26 shall be replaced with a bail bond service representative
27 appointment.

1 (5) A physical damage on household goods service
2 representative appointment shall be replaced with a credit
3 service representative appointment.

4 (6) An automobile physical damage only service
5 representative appointment shall be replaced with a credit
6 service representative appointment.

7 Section 18. Any unencumbered and unexpended balance
8 in the Insurance Agents and Brokers Continuing Education Fund
9 on the effective date of this act shall be transferred to the
10 credit of the Insurance Department Fund. In addition to all
11 other appropriations heretofore or hereafter made, there is
12 hereby appropriated from the Insurance Department Fund to the
13 Department of Insurance an amount equal to the amount
14 appropriated to the Department of Insurance from the Insurance
15 Agents and Brokers Continuing Education Fund for the current
16 fiscal year, less any amount already expended or encumbered by
17 the effective date of this act.

18 Section 19. Any law of this state remaining in force
19 after the effective date of this act which refers to an
20 insurance agent or broker required prior to the effective date
21 of this act to be licensed in accordance with Chapter 7 or 8
22 of Title 27 shall be deemed a reference to an insurance
23 producer required to be licensed in accordance within this
24 act.

25 Section 20. (a) The commissioner may adopt
26 reasonable rules and regulations for the implementation and
27 administration of the provisions of this act.

1 (b) Prior to the adoption, amendment, or repeal of
2 any regulation to implement this act, the commissioner shall
3 give at least 35 days notice of the intended action by filing
4 notice of the intended action with the Legislative Reference
5 Service for publication in the Alabama Administrative Monthly.
6 The date of publication in the Alabama Administrative Monthly
7 shall constitute the date of the notice. The notice shall
8 include a statement of either the terms or substance of the
9 intended action or description of the subject and issues
10 involved, shall specify a notice period ending not less than
11 35 days or more than 90 days from the date of this notice,
12 during which period interested persons may present their views
13 thereon, and shall specify the place where, and the manner in
14 which, interested persons may present their views thereon.

15 (c) All regulations adopted by the commissioner
16 after the effective date of this act which have not been
17 repealed or revised shall be codified in the Alabama
18 Administrative Code. Regulations adopted prior to the
19 effective date of this act and still in effect shall be
20 codified in the Alabama Administrative Code within 24 months
21 after the effective date of this act.

22 Section 21. Subject to the requirements of
23 subsection (b) of Section 20, the commissioner may make
24 reasonable rules and regulations for any person engaged in
25 providing insurance necessary to implement and enforce the
26 privacy provisions of 15 U.S.C. Sections 6801, et seq., being

1 Sections 501, et seq., of Public Law 106-102, commonly known
2 as the "Gramm-Leach-Bliley Act."

3 Notwithstanding the foregoing, rules and regulations
4 adopted by the commissioner pursuant to this section shall not
5 apply to workers compensation claims, workers compensation
6 insurance, workers compensation programs, or employee welfare
7 benefit plans as defined in 29 U.S.C. Section 1002(1) or any
8 third party administrator to the extent it provides services
9 to a workers compensation program or employee welfare benefit
10 plan.

11 Section 22. Section 10-4-115, Code of Alabama 1975,
12 as amended by Act 2000-595 and Act 2000-795, 2000 Regular
13 Session, is amended to read as follows:

14 "§10-4-115.

15 "No statute of this state applying to insurance
16 companies shall be applicable to any corporation organized
17 under the provisions of this article and amendments thereto or
18 to any contract made by the corporation unless expressly
19 mentioned in this article and made applicable; except as
20 follows:

21 "(1) The corporation shall be subject to the
22 provisions regarding annual premium tax to be paid by insurers
23 on insurance premiums.

24 "(2) The corporation shall be subject to the
25 provisions of Chapter 55, Title 27, regarding the prohibition
26 of unfair discriminatory acts by insurers on the basis of an
27 applicant's or insured's abuse status.

1 "(3) The corporation shall be subject to the
2 provisions regarding Medicare Supplement Minimum Standards set
3 forth in Article 2 of Chapter 19 of Title 27, and Long-Term
4 Care Insurance Policy Minimum Standards set forth in Article 3
5 of Chapter 19 of Title 27.

6 "(4) The corporation shall be subject to the
7 regulations promulgated by the Commissioner of Insurance
8 pursuant to Sections 20 and 21 of this act."

9 Section 23. The provisions of this act are
10 severable. If any part of this act is declared invalid or
11 unconstitutional, that declaration shall not affect the part
12 which remains.

13 Section 24. Sections 1 through 19, inclusive, of
14 this act shall become effective January 1, 2002, and the
15 remainder of this act shall become effective immediately upon
16 its passage and approval by the Governor, or upon its
17 otherwise becoming a law.

Gene Winson

President and Presiding Officer of the Senate

Ad P. / Huff

Speaker of the House of Representatives

SB427

Senate 19-APR-2001

I hereby certify that the within Act originated in and passed the Senate, as amended.

McDowell Lee
Secretary

House of Representatives
Amended and passed 21-MAY-2001

Senate concurred in House amendment 21-MAY-2001

By: Senator Clay

APPROVED 5-30-01
TIME 2:25 pm
[Signature]
GOVERNOR

Alabama Secretary of State